

INTERNATIONAL DAIRY ARRANGEMENT

Fifteenth Annual Report

Summary of the Results of the Uruguay Round in the Dairy Sector

**SPECIAL ANNEX TO
THE WORLD MARKET FOR DAIRY PRODUCTS 1994**



General Agreement on Tariffs and Trade

Geneva, November 1994

INTRODUCTION

The GATT Secretariat has prepared the following summary of commitments on market access for dairy products and on subsidized dairy exports for 42 countries and the European Communities. These have been selected on the basis of their importance as markets and/or suppliers of dairy products. The information contained in this summary is based on the published schedules of concessions of the countries concerned.

This summary is not intended to provide legal interpretation of the Uruguay Round Agreement on Agriculture, including the country schedules of concessions.

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Part A: Overview

Scope of the Presentation

1. This summary presents some of the results of the Uruguay Round negotiations regarding market access and export subsidies for dairy products. It reflects the commitments in the final country schedules of concessions as of 15 April 1995 when the Final Act was signed in Marrakesh. The presentation covers 43 countries (the European Communities counting as one) which are grouped into 11 regions: Western Europe (7 countries), Central and Eastern Europe (5 countries), North America (3 countries), Central America (2 countries), South America (7 countries), Western Asia (1 country), South Asia (4 countries), South East Asia (5 countries), East Asia (3 countries), Oceania (2 countries), and Africa (4 countries). Sampling was guided by a number of criteria including importance in international trade, size of population, and incidence of consolidated tariff quotas and export subsidy reduction commitments. China was not included in this presentation since its schedule of concessions is still subject to negotiations on the status of China within the GATT.

2. The product scope of this study is dairy products as defined in Chapter 4 of the Harmonized System. Thus, commitments for products made of cow's milk but not covered by HS Chapter 4 (such as ice-cream or casein) were left aside. In some instances, however, these products are included, namely whenever a distinction was impractical. These cases are pointed out in the text. The product coverage selected, while chosen for its simplicity, matches neither the product coverage of the International Dairy Arrangement nor the scope of import restrictions for dairy products imposed by many countries.

Implementation period

3. The implementation of the Uruguay Round commitments in agriculture is scheduled to begin with the entry into force of the WTO Agreement in 1995. In agriculture, countries are to implement their commitments based on the calendar, financial or marketing year as specified in their schedules. The implementation period for developed countries is 6 years ending in the year 2000/2001. Developing countries have 10 years ending in the year 2004/2005. The reference to initial and final year commitments in the text thus relates to 1995 (1995/96) and 2000 (2000/2001) for developed countries or 2004 (2004/2005) for developing countries, unless stated otherwise.¹

Tariffs

4. The present survey lists base rates of duty and the final bound rates of duty on a country-by-country basis for selected dairy products. Generally, tariff reductions start at the higher base rate and end at the lower bound rate of duty, but there are exceptions.² A number of developing countries chose the approach of offering ceiling bindings. In most of these cases, the final bound rate rather than the base rate will be the effective bound rate of duty as of 1995. For all countries, the bound rate will not necessarily be the applied rate which, of course, can be lower. The Marrakesh Protocol requires that the first tariff reduction be made on the date of entry into force of the WTO Agreement, except as may be otherwise specified in the country schedule. As most countries chose linear reductions of their tariffs, in 1995 the base rate of duty will be reduced by one sixth of the total reduction (in the case of developed countries). For example, if the base rate of duty is 60 per cent and the final bound rate of duty in 2000 is 35 per cent, the bound rate in 1995 would be 55.8 per cent.

¹According to the WTO Agreement, countries which accept the WTO Agreement after it enters into force will have to accelerate the implementation of their concessions and obligations to give the same results as if they had accepted the Agreement on the date of its entry into force.

² For those countries who offer reduced m.f.n. tariffs for imports within their access commitments (in-quota tariffs), the term "tariff" relates to their m.f.n. out-of-quota customs duties.

5. Participants in the Uruguay Round were required to convert their non-tariff measures into tariffs of more or less equivalent effect and bind them (tariffication). With the entry into force of the WTO Agreement nearly all agricultural tariffs will therefore be bound. The list of border measures that were required to be tariffied includes quantitative import restrictions, variable import levies, minimum import prices, discretionary import licensing, non-tariff measures maintained through State-trading enterprises, voluntary export restraints and similar measures other than ordinary customs duties. The pervasiveness and restrictiveness of these measures explain in part why bound tariffs on dairy products after the Uruguay Round will often be very high.

6. Exempt from tariffication are temporary border measures maintained under balance-of-payments provisions or under other general, non-agriculture-specific provisions of the GATT and the WTO Agreement.³ Some developing countries will thus be able to continue to justify the maintenance of non-tariff measures for balance-of-payments reasons under GATT Article XVIII:B. Moreover, non-tariff measures on products for which the "special treatment" provision of Annex 5 of the Agreement on Agriculture have been invoked do not have to be tariffied with effect from the entry into force of the WTO Agreement. Such products are designated by the symbol "ST-Annex 5" in the country schedules. Israel is the only country to use the special treatment provisions for dairy products, enabling it to maintain quantitative restrictions under the conditions provided for in Annex 5 on imports of whole milk powder and certain types of cheese.

7. The 43 countries covered in this study will apply different tariff instruments. These include: ad valorem tariffs (e.g. South America, Africa); specific duties (e.g. European Communities, United States); ad valorem duties plus specific duties (e.g. Japan, for some products); ad valorem duties or specific duties, whichever is higher (e.g. Nordic countries, Canada) and other variants. The use of ad valorem tariffs is more prevalent among the developing countries, whereas the developed countries will make greater use of specific duties. It is difficult to compare the level of tariffs among countries when they are not fixed in ad valorem terms. Table 1 provides a summary of the unweighted average of final bound ad valorem tariffs for dairy products in selected countries.

8. For those products whose non-tariff measures have been converted into ordinary customs duties countries may invoke the agricultural safeguard, provided that the products concerned have been designated by the symbol "SSG" in the schedule of the country. The special safeguard clause applies on a tariff line basis and may not be invoked for imports within tariff quotas. It is a widespread feature in the tariff schedules for dairy products, notably in the case of the developed countries. Some 77 per cent of their dairy tariffs are subject to the safeguard clause.

9. This summary also lists, if any, "other duties and charges" for imports of dairy products. As a result of the Uruguay Round, countries were required to bind "other duties and charges" under Article II:1(b) at the levels applying on 15 April 1994. However, countries had until 15 October 1994 to submit their concessions for "other duties and charges". Therefore, they may not appear in the published country schedules which include the commitments as of 15 April 1994.

³ The latter category includes, for instance, safeguard measures under GATT Article XIX and the new Uruguay Round Agreement on Safeguards.

Table 1: Final Bound Ad Valorem Tariffs for Dairy Products in Selected Countries

| | | <15% | 15-50% | 50 - 100% | > 100% |
|-----------------------------------|------|------|--------|-----------|--------|
| Western Europe | | | | | |
| Austria | N.A. | | | | |
| European Communities | N.A. | | | | |
| Finland | | | | | X |
| Norway | | | | | X |
| Sweden | | | | X | |
| Switzerland | N.A. | | | | |
| Turkey | | | | | X |
| Central and Eastern Europe | | | | | |
| Czech Republic | | | X | | |
| Hungary | | | | X | |
| Poland | | | | | X |
| Romania | | | | | X |
| Slovak Republic | | | X | | |
| North America | | | | | |
| Canada | | | | | X |
| Mexico | | | | X | |
| United States | N.A. | | | | |
| Central America | | | | | |
| Costa Rica | | | X | | |
| Guatemala | | | | X | |
| South America | | | | | |
| Argentina | | | X | | |
| Brazil | | | X | | |
| Chile | | | X | | |
| Colombia | | | | | X |
| Peru | | | X | | |
| Uruguay | | | X | | |
| Venezuela | | | | X | |
| Western Asia | | | | | |
| Israel | | | | | X |
| South Asia | | | | | |
| Bangladesh | | | | | X |

| | | <15% | 15-50% | 50 - 100% | > 100% |
|------------------------|------|------|--------|-----------|--------|
| India | | | | X | |
| Pakistan | | | | X | |
| Sri Lanka | | | X | | |
| South East Asia | | | | | |
| Indonesia | | | | | X |
| Malaysia | N.A. | | | | |
| Philippines | | | X | | |
| Singapore | | X | | | |
| Thailand | | | X | | |
| East Asia | | | | | |
| Hong Kong | | X | | | |
| Japan | N.A. | | | | |
| Korea, Rep. of | | | | X | |
| Oceania | | | | | |
| Australia | N.A. | | | | |
| New Zealand | | X | | | |
| Africa | | | | | |
| Egypt | | | X | | |
| Nigeria | | | | | X |
| South Africa | | | | X | |
| Tunisia | | | | | X |

Note: Percentages indicate the unweighted average of the bound ad valorem tariffs for dairy products under HS Chapter 4.
Not applicable (N.A.) indicates that final bound rates are not specified in ad valorem terms.

Tariff quotas

10. Members of the WTO whose bound tariffs are the result of tariffication were required to establish tariff quotas under current and/or minimum access opportunity commitments.⁴ The current access commitments require countries to afford market access opportunities on terms at least equivalent to those existing and at levels no less than the average quantities imported during 1986 to 1988. Any expansion in current access opportunities will be provided on an m.f.n. basis. Where there were no significant imports, countries were required to consolidate minimum access opportunities at 3 per cent of average consumption in 1986-88 increasing to 5 per cent by the end of the implementation period. Minimum access opportunities will be implemented on the basis of tariff quotas at a low or minimal rate and will be provided on an m.f.n. basis. While the implementation period differs for developed and developing countries, the substantive provisions for current and minimum access do not.

⁴Those countries that have maintained a tariff-only regime during the Uruguay Round negotiations were not obliged to consolidate tariff quotas.

11. Table 2 summarizes the consolidated tariff quotas for the 43 countries for certain categories of dairy products: milk powder (including other products under HS 0402, such as condensed/evaporated milk), butter/butter oil and cheese. The indicated market access opportunities should be considered as the minimum. Actual access opportunities should be higher, for at least three reasons. First, most of the 43 countries will continue to offer access opportunities for some dairy products via *tariffs* only rather than tariff quotas (e.g. Japan for cheese). Second, dairy imports should also flow over *tariff equivalents* (out-of-quota tariffs). Third, a number of countries, including Guatemala, Hungary, Indonesia, Japan, and the United States, have consolidated some *aggregate tariff quotas* for dairy products which will provide access opportunities for milk powder, butterfat and cheese. These access opportunities will be in addition to those in Table 2.

Table 2: Tariff Quotas for Dairy Products under the Uruguay Round Commitments of Selected Countries (metric tons)

| | Number of countries | Milk powder, condensed/evaporated milk (HS 0402) | | Butter & butter oil (HS 0405) | | Cheese (HS 0406) | |
|---------------------------------|---------------------|--|----------------|-------------------------------|----------------|------------------|----------------|
| | | Initial TQ | Final TQ | Initial TQ | Final TQ | Initial TQ | Final TQ |
| Western Europe | 7 | 42,261 | 70,923 | 79,295 | 91,051 | 36,782 | 122,782 |
| Central and Eastern Europe | 5 | 5,135 | 8,625 | 12,555 | 20,873 | 6,919 | 8,806 |
| North America | 3 | 124,130 | 132,130 | 1,964 | 3,274 | 151,792 | 171,788 |
| Central America | 2 | 3,929 | 4,032 | 27 | 45 | 360 | 530 |
| South America | 7 | 78,438 | 80,711 | 2,137 | 2,137 | 2,302 | 3,776 |
| Western Asia | 1 | 1,250 | 1,300 | 0 | 0 | 574 | 1,148 |
| South Asia | 4 | 0 | 0 | 0 | 0 | 0 | 0 |
| South East Asia | 5 | 45,000 | 55,000 | 0 | 0 | 0 | 0 |
| East Asia | 3 | 95,162 | 95,443 | 2,123 | 2,293 | 0 | 0 |
| Oceania | 2 | 0 | 0 | 0 | 0 | 11,500 | 11,500 |
| Africa | 4 | 24,470 | 24,470 | 5,167 | 5,167 | 3,057 | 3,489 |
| TOTAL | 43 | 419,775 | 472,634 | 193,268 | 124,840 | 213,286 | 323,819 |
| Estimated world exports in 1993 | | 2,450,000 | | 720,000 | | 980,000 | |

Note: Access opportunities conferred through aggregate tariff quotas which do not provide for a breakdown into the product categories of this table are not included.

12. Current and minimum access opportunities for milk powders exceed those for butterfat and cheese and are concentrated in North and South America (notably Mexico and Venezuela), and in East Asia (particularly Japan). In the case of Central and Eastern Europe, South East Asia and East Asia, indicated market access opportunities are understated, as Hungary, Indonesia and Japan will offer additional access opportunities for milk powders through aggregate tariff quotas. The increase in global access opportunities during the implementation period (plus 12 per cent) will mainly come from Western Europe, in particular from the European Communities. Compared to world exports

of skimmed milk powder, whole milk powder and condensed/evaporated milk in 1993, consolidated access opportunities appear small. However, it must be noted that some major importers of skimmed milk powder or whole milk powder, such as Algeria and Saudi Arabia, have not yet acceded to the GATT. Malaysia and the Philippines, other major importers of milk powders did not consolidate any tariff quotas for these products and offer market access via tariffs only. Furthermore, food-aid shipments - for skimmed milk powder some 80,000 tons in 1993 according to FAO - are included in the world export total.

13. The main share of global consolidated market access opportunities for butter and butter oil comes from New Zealand's butter access quota to the European Communities (nearly 77,000 tons). New opportunities will be concentrated in the European Communities and in Central and Eastern Europe, notably Poland. Exports to Russia, which did not participate in the Uruguay Round, account for the bulk of the difference between GATT consolidated tariff quotas for butterfat and world trade.

14. Market access opportunities for cheese will be increased by about 110,000 tons or 50 per cent over the implementation period. These new opportunities for all suppliers will be concentrated in the European Communities where minimum access tariff quotas will rise from 18,000 tons in 1995 to 104,000 tons in 2000. The United States will provide another 20,000 tons of new market access. Japan, the number two importer in the world after the United States, provides access via tariffs only, as distinct from tariff quotas.

Export subsidies

15. Articles 3 and 9 of the Agreement on Agriculture set out the basic rules for the export subsidy reduction commitments. Developed countries are required to reduce their volumes of subsidized exports as defined in Article 9:1 by 21 per cent compared to the 1986-1990 average over six years, while developing countries are required to reduce them by 14 per cent over 10 years. For budgetary outlays, the required percentage cuts are 36 per cent and 24 per cent, respectively. However, developing countries are exempt from reduction commitments for certain types of subsidies, specified under Article 9:1(d) and (e), including subsidies for domestic and international transport and freight. Subsidized exports do not include food aid.

16. In a number of countries, maximum allowable subsidized exports in the initial years of the implementation period will actually be greater than subsidized exports during the 1986-90 base period. These countries took advantage of the so-called front-loading option which allows countries to reduce subsidized exports from a base level defined as the 1991-92 average if that level exceeds the 1986-90 base. However, the end point for maximum subsidized exports remains the 1986-90 base minus 21 per cent (developed countries). The use of the export subsidies defined in Article 9:1 on products which are not subject to reduction commitments is prohibited under the Agreement.

17. Export subsidy reduction commitments were obligatory for each of the following four groups of dairy products: butter and butter oil, skimmed milk powder, cheese and other milk products. The category of other milk products represents the residual for dairy products and includes, for instance, whole milk powder. In a few instances, countries have aggregated some of their export subsidy reduction commitments for dairy products (e.g. Switzerland, Czech Republic, Slovak Republic).

18. Table 3 summarizes the initial and final year commitments for subsidized dairy exports in terms of volume. Commitment levels are ceiling levels and may not be exceeded in any year, except within the limits specified in Article 9:2(b) of the Agreement on Agriculture (so-called downstream flexibility). Potentially in 1995 some 780,000 tons of skimmed milk powder, 630,000 tons of butterfat, some 600,000 tons of cheese, and about 1.3 million tons of other milk products may be exported with subsidies. These commitments mainly fall on the developed countries in Western Europe, North America, Oceania and Central and Eastern Europe. For all other regions, maximum allowable subsidized exports will either be zero or negligible. On a global scale, the European Communities,

the United States, and Australia will have the largest reductions of subsidized dairy exports reflecting high base period levels. Compared to world trade in dairy products in 1993, maximum allowable subsidized quantities for 1995 are substantial. By 2000, however, global subsidized dairy exports will be reduced by substantially more than 21 per cent compared to maximum allowable levels in 1995, reflecting the use of the front-loading option by a number of countries. Maximum allowable subsidized cheese exports will be reduced by 25 per cent between 1995 and 2000, and SMP and butter/AMF exports by 23 per cent. By 2000 the share of subsidized exports in world dairy trade is thus likely to drop significantly.

19. The export subsidy reduction commitments for dairy products are compiled on a country-by-country basis in the Appendix to this presentation.

Table 3: Aggregate Maximum Allowable Subsidized Exports of Dairy Products (in metric tons)

| | SMP | | Butter & butter oil | | Cheese | | Other milk products | | Dairy products | |
|---------------------------------|--------------|------------|---------------------|------------|--------------|------------|---------------------|------------|----------------|------------|
| | Initial year | Final year | Initial year | Final year | Initial year | Final year | Initial year | Final year | Initial year | Final year |
| Western Europe | 357,597 | 291,117 | 496,723 | 407,205 | 502,124 | 380,697 | 1,179,275 | 952,925 | n.a. | 62,162 |
| Central and Eastern Europe | 145,200 | 118,900 | 16,600 | 14,800 | 14,630 | 12,980 | 0 | 0 | 104,100 | 85,200 |
| North America | 163,137 | 113,154 | 52,453 | 24,597 | 16,277 | 12,106 | 49,446 | 30,316 | 0 | 0 |
| Central America | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| South America | 0 | 0 | 2,116 | 1,846 | 0 | 0 | 11,033 | 9,623 | 0 | 0 |
| Western Asia | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| South Asia | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| South East Asia | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| East Asia | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Oceania | 106,308 | 67,636 | 63,706 | 38,828 | 71,997 | 49,880 | 88,862 | 50,573 | 0 | 0 |
| Africa | 4,144 | 3,392 | 1,168 | 956 | 281 | 230 | 444 | 363 | 0 | 0 |
| TOTAL | 776,386 | 594,199 | 632,766 | 488,232 | 605,309 | 455,893 | 1,329,060 | 1,043,800 | 104,100 | 147,362 |
| Estimated world exports in 1993 | 950,000 | | 720,000 | | 980,000 | | | | | |

Note: The category "dairy products" represents aggregate reduction commitments of certain countries.

The initial year relates to maximum allowable subsidized exports in 1995 (or 1995/96).

For the remainder of this summary the following abbreviations have been used:

| | |
|--|-------------------------|
| SSG: Special safeguard | WMP: Whole milk powder |
| SMP: Skimmed milk powder | AMF: Anhydrous milk fat |
| TQ: Tariff quota | HS: Harmonized System |
| Other cheese: Cheese, other than fresh cheese, grated or powdered cheese, processed cheese, and blue-veined cheese | BMP: Buttermilk powder |
| | Tons: Metric tons |

Part B: Summary of Selected Countries' Commitments on Dairy Products

WESTERN EUROPE

Austria

20. Austria will establish tariff quotas totalling 2,243 tons in the initial year and rising to 3,184 tons of dairy products in the final year. New access opportunities will be offered, notably for butter. The tariff quota will be increased from 1,051 tons to 1,752 tons by 2000 (in-quota tariff: S 30,303 per ton).

21. All tariff lines other than those for cheese are subject to the SSG. Even though most tariff lines for cheese are not subject to the SSG, most of those that cover cheese (in bulk) made of cow's milk are.

| Tariffs - Austria | Tariff line | Base rate of duty (\$ per ton) | Bound rate of duty in 2000 (\$ per ton) | SSG |
|------------------------------|-------------|--------------------------------|---|-----|
| SMP | 040210 | 37,200 | 31,620 | Yes |
| Butter | 040500 | 71,300 | 60,605 | Yes |
| Other cheese (of cow's milk) | 040690 A | 74,710 | 63,504 | Yes |

22. Austria is committed to reduce subsidized exports of dairy products in all four product categories. The export subsidy reduction commitments include products derived from processing of the basic products (i.e. from the processing of skimmed milk powder, butter, cheese, etc.).

European Communities

23. Unlike most other countries, the EC distinguishes explicitly between current access and minimum access quotas. In-quota tariffs under the EC's access commitments will remain constant over the implementation period. They are lower for current access than for minimum access which, in turn, are lower than tariffs above access commitments.

24. Under minimum access, the EC will create new access opportunities by the year 2000 of 10,000 tons for butter; 69,000 tons for skimmed milk powder; and 104,000 tons for cheese. The EC reserves the right take into account imports under the Association Agreements with Central and Eastern European countries when implementing these tariff quotas. In total (current access plus minimum access), the EC will establish tariff quotas for dairy products starting at 150,917 tons in 1995 and rising to 274,917 tons in the final year of the implementation period.

| Tariff quotas - European Communities | Current access/ Minimum access | Initial tariff quota in 1995 (tons) | Final tariff quota in 2000 (tons) | In-quota tariff (ECU per ton) |
|--------------------------------------|------------------------------------|-------------------------------------|-----------------------------------|-------------------------------|
| Butter | Current access | 76,667 | 76,667 | 868.80 |
| | Minimum access | 0 | 10,000 | 948 |
| SMP | Current access | 0 | 0 | |
| | Minimum access | 41,000 | 69,000 | 475 |
| Cheese | Current access | 15,250 | 15,250 | 137.50/170.60 |
| | Minimum access, of which: | 18,000 | 104,000 | |
| | Emmental | 4,000 | 25,000 | 719/858 |
| | Gruyère, Sbrinz | 1,000 | 7,000 | 719/858 |
| | Cheddar | 3,000 | 15,000 | 210 |
| | Cheese for processing | 4,000 | 20,000 | 835 |
| | Fresh cheese, Pizza cheese | 811 | 5,000 | 130 |
| | Other cheeses | 5,189 | 32,000 | 690-1,064 |
| Total dairy products | Current access plus minimum access | 150,917 | 274,917 | |

Note: For imports under minimum access, the Association Agreements may be taken into account when implementing the tariff quotas.

25. For over-quota imports, 104 out of a total of 108 tariff lines are subject to the SSG. The four exceptions apply to certain Emmental, Gruyère, Sbrinz, Bergkaese and Appenzell (tariff line 04069014), and Glarus herb cheese (Schabziger). The tariff cuts over the implementation period will be 36 per cent for butter, 20 per cent for SMP, and 36 per cent for cheese.

| Tariffs - European Communities | Tariff line | Base rate of duty (ECU per ton) | Bound rate of duty in 2000 (ECU per ton) | SSG |
|---------------------------------------|-------------|---------------------------------|--|-----|
| SMP | 04021019 | 1,485 | 1,188 | Yes |
| WMP | 04022115 | 2,038 | 1,304 | Yes |
| Butter | 04050010 | 2,962 | 1,896 | Yes |
| Cheddar cheese | 04069021 | 2,611 | 1,671 | Yes |
| Edam, Tilsit, Butterkaese, Feta, etc. | 04069032 | 2,360 | 1,510 | Yes |
| Fresh cheese (fat content < 40%) | 04061020 | 2,893 | 1,852 | Yes |
| Fresh cheese (fat content > 40%) | 04061080 | 3,456 | 2,212 | Yes |
| Blue-veined cheese | 040640 | 2,202 | 1,409 | Yes |
| Whey (protein content < 15%) | 04041002 | 109 | 70 | Yes |

26. The EC has export subsidy reduction commitments for all four product categories. In the case of cheese, maximum allowable subsidized exports in the initial year will be greater than subsidized base quantity exports, as the EC used the option of starting reductions from the 1991-92 average level (front-loading provision).

| Export subsidy reduction commitments - European Communities | Base level (Average 1986-1990) | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|--------------------------------|---------|---------|---------|---------|-------|-------|
| <i>Subsidized Quantities</i> (‘000 tons) | | | | | | | |
| SMP | 308.0 | 297.2 | 286.4 | 275.7 | 264.9 | 254.1 | 243.3 |
| Butter and butter oil | 463.4 | 447.2 | 431.0 | 414.7 | 398.5 | 382.3 | 366.1 |
| Cheese | 386.2 | 406.7 | 386.4 | 366.1 | 345.7 | 325.4 | 305.1 |
| Other milk products | 1,187.9 | 1,161.4 | 1,116.8 | 1,072.2 | 1,027.6 | 983.0 | 938.4 |
| <i>Budgetary Outlays</i> (Mio ECU) | | | | | | | |
| SMP | 370.1 | 347.9 | 325.7 | 303.5 | 281.3 | 259.1 | 236.9 |
| Butter and butter oil | 1,325.4 | 1,245.9 | 1,166.3 | 1,086.8 | 1,007.3 | 927.8 | 848.2 |
| Cheese | 439.2 | 505.2 | 460.4 | 415.6 | 370.7 | 325.9 | 281.1 |
| Other milk products | 1,008.1 | 947.6 | 887.1 | 826.7 | 766.2 | 705.7 | 645.2 |

Finland

27. Finland will establish TQs for 1,191 tons of butter rising to 1,985 tons by 2000, and for 648 tons of milk powder rising to 1,080 tons in the final year. Access opportunities for cheese will remain constant at 200 tons per year. In-quota tariffs will be 50 per cent of the respective bound rates of duty. However, Finland is committed to adjust the in-quota tariffs downward if the tariff quotas are not filled.

28. Finland's out-of-quota tariffs on dairy products are fixed as specific rates and ad valorem rates, with the provision that the higher rate will apply. All of the 20 tariff lines for dairy products are subject to the SSG.

| Tariffs - Finland | Tariff line | Base rate of duty (Fmk per ton or %) | Bound rate of duty in 2000 (Fmk per ton or %) | SSG |
|-------------------|-------------|--------------------------------------|---|-----|
| SMP | 040210 | 11,700 or 245% | 9,950 or 208% | Yes |
| WMP | 040221 | 17,890 or 289% | 15,210 or 246% | Yes |
| Butterfat | 0405 | 32,890 or 566% | 27,960 or 481% | Yes |
| Cheese | 0406 | 24,790 or 305% | 21,070 or 259% | Yes |

29. Finland's reduction commitments for subsidized dairy exports cover butterfat; cheese; and milk powder including whey.

Norway

30. Norway will establish TQs for dairy products totalling 3,378 tons in the initial year and rising to 3,629 tons in the final year. For butter, market access opportunities will be increased over the implementation period.

| Tariff quotas - Norway | Current access/ Minimum access | Initial tariff quota in 1995 (tons) | Final tariff quota in 2000 (tons) | In-quota tariff (NKr per ton or %) |
|-----------------------------|-----------------------------------|-------------------------------------|-----------------------------------|------------------------------------|
| Butter | Current access | 47 | 47 | 25,190 or 343% |
| | Minimum access | 324 | 575 | 4,420 or 60% |
| Concentrated milk and cream | Current access | 268 | 268 | varies |
| Cheese | Current access | 2,494 | 2,494 | 1,200 |
| Fresh milk and cream | Current access | 13 | 13 | varies |
| Buttermilk, yogurt, etc. | Current access | 3 | 3 | 20,540 or 453% |
| Whey | Current access | 229 | 229 | 16,410 or 248% |

31. Norway's over-quota tariffs on dairy products (as well as in-quota tariffs) are fixed as specific rates and ad valorem rates, with the provision that the higher rate will apply. Base rates of duty in ad valorem terms are in the range of 262 to 533 per cent. All of the 24 tariff lines for dairy products are subject to the SSG.

| Tariffs - Norway | Tariff line | Base rate of duty (NKr per ton or %) | Bound rate of duty in 2000 (NKr per ton or %) | SSG |
|--------------------|-------------|--------------------------------------|---|-----|
| SMP | 040210 | 26,910 or 461% | 22,870 or 392% | Yes |
| Butterfat | 0405 | 29,640 or 403% | 25,190 or 343% | Yes |
| Fresh cheese | 040610 | 29,030 or 275% | 24,068 or 233% | Yes |
| Processed cheese | 040630 | 32,980 or 312% | 28,040 or 265% | Yes |
| Blue-veined cheese | 040640 | 31,940 or 302% | 27,150 or 257% | Yes |
| Other cheese | 040690 | 31,940 or 326% | 27,150 or 277% | Yes |

32. Norway's export subsidy reduction commitments are for cheese; butter; and whey powder which is covered by the "other milk products" category.

Sweden

33. In Sweden, market access during the base period for agricultural products, including dairy products, was governed by variable levies. Sweden did not consolidate tariff quotas under its market access commitments (with two exceptions) but is committed to ensure access opportunities. The applied rate of duty will be appropriately adjusted, should such access not occur. The one exception, which applies to dairy products, is unripened pizza cheese for which Sweden will establish a TQ of 300 tons, subject to an in-quota tariff of 10 per cent. The safeguard mechanism will not be applied to the import quantities equal to those in the base period ("current access equivalent quantities").

34. Sweden's tariffs on dairy products are fixed as specific rates and ad valorem rates, with the provision that the higher rate will apply. All of the 20 tariff lines for dairy products are subject to the SSG.

| Tariffs - Sweden | Tariff line | Base rate of duty (SKr per ton or %) | Bound rate of duty on 2000 (SKr per ton or %) | SSG |
|-----------------------------------|-------------|--------------------------------------|---|-----|
| SMP | 040210 | 20,960 or 276% | 10,480 or 138% | Yes |
| WMP | 040221 | 24,200 or 98% | 12,580 or 51% | Yes |
| Butterfat | 0405 | 12,130 or 46% | 10,300 or 39% | Yes |
| Fresh cheese, except whey cheese | 0406109 | 22,430 or 78% | 16,500 or 58% | Yes |
| Processed cheese | 040630 | 21,090 or 90% | 16,000 or 68% | Yes |
| Blue-veined cheese | 040640 | 24,190 or 73% | 12,100 or 36% | Yes |
| Other cheese, except mould cheese | 0406909 | 26,790 or 161% | 16,500 or 100% | Yes |

35. Sweden is committed to reduce subsidized exports for butter/butter oil, SMP, cheese and "other milk products". Maximum export subsidy outlays for all dairy products taken together will be SKr 521.7 million in the initial year and SKr 355.2 million in the final year.

Switzerland-Liechtenstein

36. Switzerland-Liechtenstein will establish a basket tariff quota for dairy products totalling 527 tons in terms of milk equivalents. In-quota tariffs are, for example, SwF 200 per ton for butter and SwF 4,800 per ton decreasing to SwF 4,080 per ton for certain "other" cheeses (HS 04069029), the same as the bound out-of-quota tariffs (see table below).

37. All but six of Switzerland-Liechtenstein's tariff lines are subject to the SSG.

| Tariffs - Switzerland-Liechtenstein | Tariff line | Base rate of duty (SwF per ton) | Bound rate of duty in 2000 (SwF per ton) | SSG |
|--|-------------|---------------------------------|--|-----|
| SMP | 040210 | 3,800 | 3,230 | Yes |
| Butterfat | 0405 | 19,320 | 16,420 | Yes |
| Mozzarella | 04061020 | 3,100 | 2,640 | Yes |
| Soft cheeses (other than Brie, Camembert, etc.) | 04069019 | 300 | 255 | No |
| Butterkaese, Danbo, Edam, Gouda, Havarti, Tilsit, etc. | ex 04069029 | 4,800 | 4,080 | Yes |

38. Switzerland-Liechtenstein are committed to reduce aggregate subsidized exports of dairy products to 62,162 tons by 2000. It did not consolidate a breakdown of the aggregate quantities in terms of milk powder, butterfat, cheese and "other milk products". The commitment level is for the final year only, not for 1995-1999.

Turkey

39. Turkey consolidated the following "other duties and charges": 15 per cent of customs duty as the municipality share; and 3 per cent (for road, rail or air transport) and 4 per cent (for maritime transport) of the sum of the c.i.f. value, customs duty and the municipality share. Turkey has no tariff quota commitments. None of the tariff lines for dairy products is subject to the SSG.

| Tariffs - Turkey | Tariff line | Base rate of duty (%) | Bound rate of duty in 2004 (%) | SSG |
|---|-------------|-----------------------|--------------------------------|----------|
| Dairy products, other than cheese | 0401-0405 | 200 | 180 | No |
| Fresh cheese | 040610 | 200 | 180 | No |
| Other cheese, except: Gruyère, Sbrinz, Cheddar, Parmesan, Dutch and similar cheeses | 040690 | 200 50 | 180 45 | No No |

40. Turkey's export subsidy reduction commitments relate to cheese (a maximum of 3,020 tons in the initial year); butter; yogurt and fresh milk; and fresh and concentrated cream.

CENTRAL AND EASTERN EUROPE

Czech Republic

41. The Czech Republic is committed to open TQs for butter, milk powder/cream and yogurt. Access opportunities for butter will be increased by some 1,100 tons to a final quota of 2,781 tons (in-quota tariff: 32 per cent). Access quotas cover trade under the Czech Republic's free trade arrangements.

42. The tariffs on dairy products for which TQs will be established (e.g. milk powder and butter) will be subject to the SSG. Cheese imports will not be covered by the special safeguard clause.

| Tariffs - Czech Republic | Tariff line | Base rate of duty (%) | Bound rate of duty in 2000 (%) | SSG |
|---|-------------|-----------------------|--------------------------------|-----|
| Fresh milk and cream | 0401 | 30-35 | 25-29 | No |
| SMP/WMP | 040210/21 | 49.6 | 37 | Yes |
| Butter | 040511/19 | 81.5 | 68 | Yes |
| Cheese (except two tariff lines in the "other" cheese category) | 0406 | 10 | 8.5-9 | No |
| Buttermilk, yogurt, etc. | 0403 | 30-31.2 | 24-25 | Yes |
| Whey | 0404 | 30 | 15 | No |

43. The Czech Republic has entered into export subsidy reduction commitments for milk powder, and an aggregate quantity which includes butterfat; cheese; whey; fresh and concentrated milk and cream; buttermilk, yogurt, etc. (HS 0403); and ice-cream under HS Chapter 21.

Hungary

44. Hungary will open substantial new market access opportunities for fresh and concentrated milk/cream (including milk powder) at an in-quota tariff of 30 per cent.

| Tariff quotas - Hungary | Tariff line | Initial tariff quota in 1995 (tons) | Final tariff quota in 2000 (tons) | In-quota tariff (%) |
|-----------------------------------|-------------|-------------------------------------|-----------------------------------|---------------------|
| Fresh/concentrated milk and cream | 0401 & 0402 | 99,901 | 181,015 | 30 |
| Cheese | 0406 | 319 | 1,206 | 50 |
| Butter | 0405 | 178 | 178 | 60 |
| Sour cream, yogurt, kephir | 0403 | 247 | 252 | 40 |

45. All of Hungary's tariffs for dairy products will be subject to the SSG. Hungary consolidated the following "other duties and charges" on imports: 2 per cent customs clearance fee and 3 per cent statistical fee.

| Tariffs - Hungary | Tariff line | Base rate of duty (%) | Bound rate of duty in 2000 (%) | SSG |
|---|-------------|-----------------------|--------------------------------|-----|
| Fresh milk and cream | 0401 | 80 | 51.2 | Yes |
| Milk powder | 0402 | 80 | 51.2 | Yes |
| Butterfat | 0405 | 159 | 101.8 | Yes |
| Fresh cheese and curd (except made from ewe's milk) | 040610 | 105 | 67.2 | Yes |
| Blue-veined cheese | 040640 | | | |
| Grated/powdered cheese | 040620 | 105 | 52.5 | Yes |
| Processed cheese | 040630 | | | |
| Other cheese (from cow's milk) | 040690023 | | | |
| Buttermilk, yogurt, etc. | 0403 | 80 | 51.2 | Yes |
| Whey | 0404 | 30 | 19.2 | Yes |

46. Hungary's dairy export subsidy reduction commitments cover only white cream cheese. Since there are no export subsidy reduction commitments on other dairy products in the schedule of Hungary, under the terms of the Agreement it cannot provide Article 9:1 export subsidies for these products in the future.

Poland

47. Poland will establish TQs for all categories of dairy products (under HS Chapter 4) rising from 39,500 tons in 1995 to 62,550 tons in 2000.⁵

| Tariff quotas - Poland | Tariff line | Initial tariff quota in 1995 (tons) | Final tariff quota in 2000 (tons) | In-quota tariff (%) |
|--------------------------|-------------|-------------------------------------|-----------------------------------|---------------------|
| Fresh milk and cream | 0401 | 10,000 | 16,700 | 40 |
| Milk powder | 0402 | 3,000 | 5,000 | 40 |
| Butterfat | 0405 | 10,100 | 16,900 | 40 |
| Cheese | 0406 | 5,000 | 5,000 | 35 |
| Buttermilk, yogurt, etc. | 0403 | 500 | 850 | 35 |
| Whey | 0404 | 10,900 | 18,100 | 35 |

Note: Quantities are expressed in terms of skimmed milk powder equivalents, except for butterfat and cheese.

⁵In addition, Poland will offer market access for casein (2,000 tons in 1995, rising to 3,300 tons in 2000, subject to a 20 per cent tariff); and ice-cream (500 tons initially rising to 850 tons in 2000).

48. Poland's bound tariffs for over-quota imports are fixed in ad valorem terms or ECU, or a combination of both. The Polish dairy tariff schedule consists of six tariff lines, all of which are subject to the SSG.

| Tariffs - Poland | Tariff line | Base rate of duty (%) | Bound rate of duty in 2000 (%) | SSG |
|--------------------------|-------------|--------------------------------------|--------------------------------------|-----|
| Fresh milk and cream | 0401 | 160 | 102 | Yes |
| Milk powder | 0402 | 160% but not less than ECU 2,857/ton | 102% but not less than ECU 1,828/ton | Yes |
| Butterfat | 0405 | 160% but not more than ECU 3,614/ton | 102% but not more than ECU 2,313/ton | Yes |
| Cheese | 0406 | 250 | 160 | Yes |
| Buttermilk, yogurt, etc. | 0403 | 250 | 160 | Yes |
| Whey | 0404 | 250 | 160 | Yes |

49. Poland has entered into export subsidy reduction commitments for milk powder (including whey, buttermilk, yogurt) and casein.

Romania

50. Romania will offer new access opportunities for both cheese and SMP. The TQ for cheese will rise by 1,000 tons and reach 2,600 tons in 2004 (subject to an in-quota tariff of 110 per cent). The access quota for SMP will be increased from 500 tons in 1995 to 900 tons in 2004 (in-quota tariff: 100 per cent).

51. The implementation period for Romania's commitments will be 1995 to 2004 as a developing country. The safeguard mechanism will only apply to SMP and cheese. "Other duties and charges" will be bound at a level of 0.5 per cent.

| Tariffs - Romania | Tariff line | Base rate of duty (%) | Bound rate of duty in 2004 (%) | SSG |
|--------------------------|-------------|-----------------------|--------------------------------|-----|
| Fresh milk and cream | 0401 | 150 | 128 | No |
| Milk powder, except SMP | 0402 | 150 | 128 | No |
| SMP | 040210 | 275 | 248 | Yes |
| Butterfat | 0405 | 250 | 200 | No |
| Cheese | 0406 | 300 | 270 | Yes |
| Buttermilk, yogurt, etc. | 0403 | 125 | 100 | No |
| Whey | 0404 | 150 | 120 | No |

52. Romania's export subsidy reduction commitments cover butterfat and cheese.

Slovak Republic

53. Slovakia is committed to open TQs for butter, milk powder and yogurt totalling 3,471 tons in 1995 and rising to 4,203 tons by 2000. The access quotas cover trade under the Slovak Republic's free trade arrangements.

54. Slovakia's bound tariffs for over-quota dairy imports are identical with those of the Czech Republic.

| Tariffs - Slovak Republic | Tariff line | Base rate of duty (%) | Bound rate of duty in 2000 (%) | SSG |
|----------------------------------|-------------|-----------------------|--------------------------------|-----|
| Fresh milk and cream | 0401 | 30-35 | 25-29 | No |
| SMP/WMP | 040210/21 | 49.6 | 37 | Yes |
| Butter | 040511/19 | 81.5 | 68 | Yes |
| Cheese (except two tariff lines) | 0406 | 10 | 8.5-9 | No |
| Buttermilk, yogurt, etc. | 0403 | 30-31.2 | 24-25 | Yes |
| Whey | 0404 | 30 | 15 | No |

55. Slovakia's reduction commitments for subsidized exports are for milk powder, and "other dairy products" (rather than "other milk products"). This category includes butter, cheese and dairy products under Chapter 21 of the HS, but not WMP which is covered under the milk powder category.

NORTH AMERICA

Canada

56. Canada will establish tariff quotas for dairy products totalling 96,065 metric tons in 1995 and rising to 97,375 metric tons in 2000. Of this aggregate quantity, 64,500 metric tons represent the estimated annual cross-border purchases of liquid milk imported by Canadian consumers; moreover, 20,412 metric tons of cheese have been consolidated. In-quota tariffs will be reduced over the implementation period.

| Tariff quotas - Canada | Initial tariff quota in 1995 (in metric tons) | Final tariff quota in 2000 (in metric tons) | In-quota tariffs | |
|--|--|--|-------------------------------------|-------------------------------------|
| | | | Initial | Final |
| Fluid milk (in metric tons product weight) | 64,500 | 64,500 | 17.5% | 7.5% |
| Cream (not concentrated) | 394 | 394 | 17.5% | 7.5% |
| Milk or cream (concentrated or condensed) | 11.7 | 11.7 | Can\$66.10 per ton | Can\$28.40 per ton |
| Butter | 1,964 | 3,274 | Can\$264.60 per ton | Can\$113.80 per ton |
| Cheese | 20,412 | 20,412 | Can\$77.20 per ton (except Cheddar) | Can\$33.20 per ton (except Cheddar) |
| Yogurt | 332 | 332 | 15% | 6.5% |
| Powdered buttermilk | 908 | 908 | Can\$77.20 per ton | Can\$33.20 per ton |
| Dry whey | 3,198 | 3,198 | Can\$77.20 per ton | Can\$33.20 per ton |
| Other products of milk constituents | 4,345 | 4,345 | 15% | 6.5% |

57. Most over-quota tariffs are fixed in ad valorem terms, subject to a minimum specific duty. In other words, the applicable bound rate will be the ad valorem tariff or the specific tariff, whichever is higher. Canada's base rates of duty for cheese will be 289 per cent, subject to a minimum ranging from Can\$4,149 (Cheddar, Mozzarella) to Can\$6,805 per metric ton (Camembert). All base tariffs for cheese will be reduced by 15 per cent in six equal annual instalments beginning in 1995. All tariff lines for dairy products (with the exception of two tariff lines for whey products) will be subject to the SSG.

| Out-of-quota tariffs - Canada | Tariff line | Base rate of duty (in Can\$ per metric ton) | Bound rate of duty in 2000 (in Can\$ per metric ton) | SSG |
|-------------------------------|-------------|--|--|-----|
| SMP | 04021020 | 237.2% but not less than 2,360 | 201.6% but not less than 2,006 | Yes |
| Butter | 04050012 | 351.4% but not less than 4,780 | 298.7% but not less than 4,001 | Yes |
| Cheese | 0406 | 289% but not less than 4,149-6,805 (depending on type) | 245.6% but not less than 3,527-5,784 (depending on type) | Yes |
| Cheddar | 04069012 | 289% but not less than 4,149 | 245.6% but not less than 3,528 | Yes |
| Fresh cheese | 04061020 | 289% but not less than 5,311 | 245.6% but not less than 4,545 | Yes |
| Blue-veined cheese | 04064020 | 289% but not less than 6,266 | 245.6% but not less than 5,326 | Yes |
| Processed cheese | 04063020 | 289% but not less than 5,104 | 245.6% but not less than 4,338 | Yes |

58. Canada is committed to reduce subsidized exports of cheese, butterfat and SMP, and other milk products. Maximum allowable subsidized exports of SMP will be 54,910 metric tons in 1995 and 44,953 metric tons in 2000; and for butter 9,464 metric tons in 1995 declining to 3,500 metric tons in 2000.

Mexico

59. Mexico will establish tariff quotas totalling 129,385 tons of dairy products. The tariff quota for milk powder amounts to 120,000 tons, of which 40,000 tons are reserved for the United States.

| Tariff quotas - Mexico | Initial tariff quota in 1995 (in tons) | Final tariff quota in 2004 (in tons) | In-quota tariff |
|------------------------|--|--------------------------------------|-----------------|
| Milk powder | 120,000 | 120,000 | zero |
| Cheese | 9,385 | 9,385 | 50% |

60. Mexico's bound over-quota tariffs for cheese are based on a two-tier system. For quota-type cheese, such as processed or Swiss-type cheese, the base rate of duty will be US\$1,160 per ton but not less than 139 per cent. Beginning in 1995, the tariff will be reduced in ten equal instalments to arrive at the final bound rate in 2004. For non-quota type of cheese (e.g. hard cheeses), the base rate of duty will be 50 per cent which will be reduced to 45 per cent in 2004. All tariff lines are subject to the SSG.

| Tariffs - Mexico | Tariff line | Base rate of duty (%) | Bound rate of duty in 2004 (%) | SSG |
|--|--|--|---|-----|
| Fresh milk and cream | 0401 | 50 | 37.5 | Yes |
| SMP WMP | 04021001, 04022101 | US\$1,160 per ton but not less than 139% | US\$1,044 per ton but not less than 125.1% | Yes |
| Butterfat (except AMF) | 0405 | 50 | 37.5 | Yes |
| AMF | 04050003 | 20 | 18 | Yes |
| Fresh cheese, processed cheese, Colonia-type cheese, Swiss-type cheese | 040610, 040630, 04069003 04069005 | US\$1,160 per ton but not less than 139% | US\$1,044 per ton but not less than 125.1% | Yes |
| Hard and semi-hard cheeses (e.g. Edam, Gouda), Egmont-type cheese, blue-veined cheese, grated or powdered cheese | 04069004, 04069006 040640, 040620 | 50 | 45 | Yes |
| Whey | 0404 | 50 | 37.5 | Yes |
| Buttermilk, yogurt, etc. | 0403 | 50 | 37.5 | Yes |

61. Since there are no export subsidy reduction commitments on dairy products in the schedule of Mexico, under the terms of the Agreement it cannot provide Article 9:1 export subsidies for these products in the future, other than those permitted for developing countries under Article 9:1(d) and (e).

United States

62. Most of the US tariff quotas will cover a range of dairy products, herein referred to as basket quotas. Some of these tariff quotas cover products other than Chapter 4 of the HS, hence there is a certain degree of imprecision involved when aggregating the US tariff quotas for dairy products under HS Chapter 4. As an approximation, the United States will establish tariff quotas totalling 150,000 metric tons of dairy products in the initial year, and rising to 200,000 metric tons in the final year. Included in this estimate are the basket quotas reserved for Mexico under the terms of NAFTA. Cheese accounts for the main share of old and new access opportunities. Thus, total market access for cheese will rise from 121,995 metric tons in 1995 to 141,991 metric tons in 2000.

| Tariff quotas for dairy products - United States | Allocation at the four-digit level | Initial tariff quota in 1995 (metric tons) | Final tariff quota in 2000 (metric tons) |
|---|--------------------------------------|--|--|
| Fresh milk and cream (litres) | 0401 | 11,356,236 | 11,356,236 |
| Fresh/frozen cream (litres) | 0401, 0403 | 5,727,940 | 6,694,840 |
| SMP | 0402 | 1,261 | 5,261 |
| Dried milk or dried cream | 0402, 0403 | 471 | 3,421 |
| Condensed/evaporated milk and cream | 0402 | 2,857 | 6,857 |
| Dried outtermilk or dried whey | 0403, 0404 | 296 | 296 |
| Butter substitutes | 0405, HS 2106 | 3,480 | 6,080 |
| Butter and fresh/sour cream | 0401,0403,0405 | 3,977 | 6,977 |
| Cheese | 0406 | 116,445 | 136,444 |
| Dairy products | 0402-0404, HS 15, HS 17-19, HS 21-22 | 1,905 | 4,105 |
| Additional basket quotas reserved for Mexico: | | | |
| - Cheese | 0406 | 5,550 | 5,550 |
| - Milk and cream (litres) | 0401, 0403, HS 21 | 366,000 | 366,000 |
| - Butter and fresh/sour cream or butter substitutes or dried milk/cream | | 43 | 43 |
| - Dried milk/cream | | 422 | 422 |
| - Dairy products | | 733 | 733 |

Note: This table essentially covers only tariff quotas for dairy products under HS Chapter 4, however with some of the aggregate tariff quotas extending to other chapters of the HS. The allocation of the tariff quotas at the 4-digit level serves for illustrative purposes only. The first tariff quota represents a TQ which does not result from tariffication.

63. With very few exceptions, US tariffs on dairy products will be reduced by 15 per cent over the implementation period. Most tariff lines in the dairy sector are subject to the SSG.

| Out-of-quota tariffs - United States | Tariff line | Base rate of duty (US\$ per metric ton) | Bound rate of duty in 2000 (US\$ per metric ton) | SSG |
|--------------------------------------|-------------|---|--|-----|
| SMP | 04021050 | 1,018 | 865 | Yes |
| Butter | 04050040 | 1,813 | 1,541 | Yes |
| AMF | 04050090 | 2,194 + 10% | 1,865 + 8.5% | Yes |
| Cheddar cheese | 04069012 | 1,443 | 1,227 | Yes |
| Edam, Gouda | 04069018 | 2,121 | 1,803 | Yes |
| Swiss, Emmental cheese | 04069048 | 2,208 | 1,877 | Yes |

64. The United States is committed to reduce subsidized exports of all four groups of dairy products. Except for cheese, commitment levels in the initial years are higher than subsidized exports in the base period due to front-loading, notably in the case of "other" milk products. Subsidized exports of "other" milk products (in the case of the United States milk powder other than SMP) will be reduced to practically zero by the end of the implementation period.

| Export subsidy reduction commitments - United States | Base level (average 1986-1990) | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|--|--------------------------------|---------|---------|---------|--------|--------|--------|
| <i>Subsidized Quantities</i> (metric tons) | | | | | | | |
| SMP | 86,331 | 108,227 | 100,222 | 92,217 | 84,212 | 76,207 | 68,201 |
| Butter and butter oil | 26,705 | 42,989 | 38,611 | 34,232 | 29,854 | 25,475 | 21,097 |
| Cheese | 3,836 | 3,829 | 3,669 | 3,510 | 3,350 | 3,190 | 3,030 |
| Other milk products (WMP) | 43 | 12,456 | 9,971 | 7,487 | 5,003 | 2,518 | 34 |
| <i>Budgetary Outlays</i> (US\$'000) | | | | | | | |
| SMP | 128,850 | 121,119 | 113,388 | 105,657 | 97,926 | 90,195 | 82,464 |
| Butter and butter oil | 47,652 | 44,793 | 41,934 | 39,075 | 36,215 | 33,356 | 30,497 |
| Cheese | 5,681 | 5,340 | 4,999 | 4,658 | 4,317 | 3,976 | 3,636 |
| Other milk products (WMP) | 33 | 14,374 | 11,503 | 8,633 | 5,762 | 2,892 | 21 |

Note: Budgetary outlay figures have been rounded to the nearest US\$1,000.

CENTRAL AMERICA

Costa Rica

65. Costa Rica is committed to establish a number of TQs totalling 4,842 tons of dairy products in 1995 and rising in 10 equal instalments to 5,315 tons in 2004. The in-quota tariffs will come into effect in conformance with Costa Rica's GATT Protocol of Accession.

| Tariff quotas - Costa Rica | Initial tariff quota (1995) | Final tariff quota (2004) | In-quota tariff |
|--|-----------------------------|---------------------------|---|
| Fresh milk and cream | 243 | 405 | 55 % |
| Dried milk and cream (sweetened), except evaporated/condensed milk | 241 | 344 | max. 40% (as from Nov. 1995) to be reduced to 30% by 2004 |
| Evaporated milk | 1,125 | 1,125 | 35% (as from Nov. 1995) |
| Condensed milk | 2,563 | 2,563 | 35% (as from Nov. 1995) |
| Butter and AMF | 27 | 45 | 55 % |
| Cheese, except those below: | 225 | 375 | 50% (as from Nov. 1995) |
| Cheddar, dehydrated, grated or powdered | 55 | 55 | max. 50% (as from Nov. 1995) to be reduced to 35% by 2004 |
| Other grated or powdered cheese | 50 | 50 | max. 50% (as from Nov. 1995) to be reduced to 35% by 2004 |
| Blue-veined cheese | 0.036 | 0.06 | 50% (as from Nov. 1995) |
| Other cheeses (HS 040690) | 30 | 50 | 50% (as from Nov. 1995) |
| Buttermilk, yogurt, etc. | 30 | 50 | 55% to be reduced to 40% |
| Whey | 253 | 253 | 40% (as from Nov. 1995) |

66. Since there are no export subsidy reduction commitments on dairy products in the schedule of Costa Rica, under the terms of the Agreement it cannot provide Article 9:1 export subsidies for these products in the future, other than those permitted for developing countries under Article 9:1(d) and (e). At the same time, Costa Rica made a commitment with respect to two types of tax refunds for exports of non-traditional agricultural products, the scope of which includes dairy products. One of these refunds will be eliminated and the other reduced by 24 per cent over a period of ten years.

Guatemala

67. Guatemala will establish an initial aggregate tariff quota of 10,434 tons for: fresh milk and cream; dried milk and cream (other than milk powders); butterfat; cheese; whey; and buttermilk/yogurt products. In-quota tariffs are consolidated at 45 per cent, except for concentrated milk and cream other than milk powders (40 per cent). The TQ will be increased in equal annual instalments to 17,890 tons by 2004.

68. Since there are no export subsidy reduction commitments on dairy products in the schedule of Guatemala, under the terms of the Agreement it cannot provide Article 9:1 export subsidies for these products in the future, other than those permitted for developing countries under Article 9:1(d) and (e).

SOUTH AMERICA

Argentina

69. Argentina will bind its tariffs on dairy products at 35 per cent ad valorem, and "other duties and charges" at 3 per cent. The bound rates will come into effect in 1995. Argentina was not required to consolidate any tariff quotas. Since there are no export subsidy reduction commitments on dairy products in the schedule of Argentina, under the terms of the Agreement it cannot provide Article 9:1 export subsidies for these products in the future, other than those permitted for developing countries under Article 9:1(d) and (e).

Brazil

70. Although Brazil in general consolidated its tariffs on agricultural products at a ceiling rate of 35 per cent, dairy product tariffs are among the numerous exceptions to this ceiling. Brazil was not required to consolidate any tariff quotas.

| Tariffs - Brazil | Tariff line | Base rate of duty (%) | Bound rate of duty in 2004 (%) | SSG |
|--|---|-----------------------|--------------------------------|-----|
| Fresh milk and cream | 0401 | 70 | 55 | No |
| SMP (totally or partially skimmed, except infant formula) (animal feed)* (other) | 040210 | 35 | 31.5 | No |
| | | 45 | 55 | No |
| | | 70 | 55 | No |
| WMP | 0402210101 | 35 | 31.5 | No |
| Butterfat | 0405 | 55 | 55 | No |
| Fresh cheese, processed cheese, blue-veined cheese, certain "other" cheeses (e.g. Bel Paese, Coboco, Danbo, Fontina, Gouda, Gruyère, Mozzarella, Parmesan, Provolone, Siciliano) | 040610, 040630, 040640, 040690 | 70 | 55 | No |
| Grated or powdered cheese | 040620 | 70 | 35 | No |
| Edam | 04069004 | 56 | 50.4 | No |
| BMP | 04039099 | 90 | 35 | No |

Note: *The final bound tariff will come into effect in 1995.

71. Brazil is committed to reduce subsidized exports of "other milk products" from 11,033 tons in 1995 to 9,623 tons in 2004. This group of products includes fresh/concentrated milk and cream; yogurt and buttermilk products.

Chile

72. Chile is committed to reduce its tariffs on dairy products in five equal instalments during the period 1995 to 1999, five years less than is permitted to developing countries. The common base rate of duty is 35 per cent and the final bound level 25 per cent, with the exception of concentrated milk and cream, butterfat and cheese for which the bound rate will be 31.5 per cent. None of the tariffs will be subject to the SSG. Chile also consolidated certain "other duties and charges" but no tariff quotas.

| Tariffs - Chile | Tariff line | Base rate of duty (%) | Bound rate of duty in 1999 (%) | SSG |
|--------------------------|------------------|-----------------------|--------------------------------|-----|
| Milk powder | 0402 | 35 | 31.5 | No |
| Butter and AMF | 0405 | 35 | 31.5 | No |
| Cheese | 0406 | 35 | 31.5 | No |
| All other dairy products | 0401, 0403, 0404 | 35 | 25 | No |

73. Since there are no export subsidy reduction commitments on dairy products in the schedule of Chile, under the terms of the Agreement it cannot provide Article 9:1 export subsidies for these products in the future, other than those permitted for developing countries under Article 9:1(d) and (e).

Colombia

74. Colombia will open current access quotas totalling 5,536 tons of dairy products, of which 4,529 tons are for concentrated milk and cream (at an in-quota tariff of 151 per cent). For 5 out of the 6 tariff lines consolidated, Colombia reserves the SSG.

| Tariffs - Colombia | Tariff line | Base rate of duty (%) | Bound rate of duty in 2004 (%) | SSG |
|--------------------------|-------------|-----------------------|--------------------------------|-----|
| Fresh milk and cream | 0401 | 177 | 159 | Yes |
| Milk powder | 0402 | 168 | 151 | Yes |
| Butterfat | 0405 | 128 | 115 | Yes |
| Cheese | 0406 | 157 | 141 | Yes |
| Whey | 0404 | 151 | 136 | Yes |
| Buttermilk, yogurt, etc. | 0403 | 100 | 90 | No |

75. Since there are no export subsidy reduction commitments on dairy products in the schedule of Colombia, under the terms of the Agreement it cannot provide Article 9:1 export subsidies for these products in the future, other than those permitted for developing countries under Article 9:1(d) and (e).

Peru

76. Peru's effective bound tariffs for all dairy products as of 1995 will be 30 per cent, except for milk powders and AMF. For these products, the base tariffs will be reduced to 68 per cent by 2004.

| Tariffs - Peru | Tariff line | Base rate of duty (%) | Bound rate of duty in 2004 (%) | SSG |
|--|------------------------|-----------------------|--------------------------------|-----|
| SMP, WMP | 040210, 040221, 040229 | 97 | 68 | No |
| AMF | 04050020 | 128 | 68 | No |
| Bound tariffs for all other dairy products, effective 1995 | 30% | | | No |

77. Since there are no export subsidy reduction commitments on dairy products in the schedule of Peru, under the terms of the Agreement it cannot provide Article 9:1 export subsidies for these products in the future, other than those permitted for developing countries under Article 9:1(d) and (e).

Uruguay

78. Uruguay's tariffs on dairy products (with the exception of whey) will be bound at a ceiling rate of either 35 or 55 per cent depending on the product which will come into effect in 1995. Uruguay also bound "other duties and charges" on imports at 3 per cent of the c.i.f. value. Uruguay was not required to consolidate any tariff quotas.

| Tariffs - Uruguay | Tariff line | Base rate of duty (%) | Initial and final bound tariff (%) | SSG |
|---|--------------------|-----------------------|------------------------------------|-----|
| Fresh milk and cream | 0401 | 40 | 55 | No |
| SMP WMP | 040210 04022110 | 25 | 35 | No |
| Butterfat | 0405 | 25 | 55 | No |
| Cheese (except grated/ powdered and "other" cheeses) | 0406 | 25 | 55 | No |
| Grated or powdered cheese, "other" cheeses | 040690 040620 | 25 | 35 | No |
| Whey | 0404 | 25 | 20 | No |
| Buttermilk, yogurt, etc. | 0403 | 25 | 35 | No |

79. Uruguay is committed to reduce the export of subsidized butter in the period 1995 to 2004. Since there are no export subsidy reduction commitments on other dairy products in the schedule of Uruguay, under the terms of the Agreement it cannot provide Article 9:1 export subsidies for these products in the future, other than those permitted for developing countries under Article 9:1(d) and (e).

Venezuela

80. Venezuela is committed to establish tariff quotas totalling 90,886 tons of dairy products in the initial year and rising to 101,970 tons by 2004.

| Tariff quotas - Venezuela | Initial tariff quota in 1995 (in tons) | Final tariff quota in 2004 (in tons) | In-quota tariff (%) |
|---------------------------|--|--------------------------------------|---------------------|
| Fresh milk and cream | 11,005 | 18,342 | 40 |
| SMP | 87 | 145 | 40 |
| WMP | 73,822 | 76,037 | 40 |
| Butterfat | 2,015 | 2,015 | 40 |
| Whey | 1,745 | 1,745 | 40 |
| Cheese | 2,212 | 3,686 | 40 |

81. All of Venezuela's dairy tariffs will be subject to the special agricultural safeguard.

| Tariffs - Venezuela | Tariff line | Base rate of duty (%) | Bound rate of duty in 2004 (%) | SSG |
|--------------------------|-------------|-----------------------|--------------------------------|-----|
| Fresh milk and cream | 0401 | 130 | 117 | Yes |
| Milk powder | 0402 | 111 | 100 | Yes |
| Butterfat | 0405 | 78 | 70 | Yes |
| Cheese | 0406 | 109 | 98 | Yes |
| Whey | 0404 | 100 | 90 | Yes |
| Buttermilk, yogurt, etc. | 0403 | 100 | 90 | Yes |

82. Since there are no export subsidy reduction commitments on dairy products in the schedule of Venezuela, under the terms of the Agreement it cannot provide Article 9:1 export subsidies for these products in the future, other than those permitted for developing countries under Article 9:1(d) and (e).

WESTERN ASIA

Israel

83. Israel will maintain quantitative restrictions on certain dairy products under the special treatment clause as provided for in Annex 5 of the Agreement on Agriculture (indicated as ST "Annex 5" in the country schedules of concessions). These products include WMP, processed cheese and cheeses in the category of "other cheeses" (e.g. the commonly known semi-hard and hard cheeses, such as Camembert or Gruyère). For the products covered by import restrictions and SMP, Israel will open tariff quotas.

84. Israel will establish two TQs for milk powders totalling 1,250 tons in 1995, 1,200 tons of which will be for SMP. The in-quota tariff will be reduced from 100 to 85 per cent over 10 years. Access opportunities will also be increased for cheese: the TQ for processed cheese will rise from 34 tons in 1995 to 68 tons in 2000 (in-quota tariff: 150 per cent); and for "other cheeses" (HS 040690), from 540 tons to 1,080 tons (in-quota tariff: 250 per cent).

85. The implementation period for (out-of-quota) tariff reductions will be 1995 to 2004. The special safeguard mechanism will apply to SMP only.

| Tariffs - Israel | Tariff line | Base rate of duty (%) | Bound rate of duty in 2004 (%) | SSG |
|--|------------------|---------------------------|--------------------------------|-----|
| Fresh milk and cream | 0401 | 180 | 153 | No |
| SMP | 040210 | 190 | 162 | Yes |
| WMP | 040221/29 | Quantitative restrictions | | |
| Butterfat | 0405 | 190 | 162 | No |
| Fresh cheese | 040610 | 185 | 157 | No |
| Processed cheese (not grated/powdered), "other" cheese | 040630 040690 | Quantitative restrictions | | |
| BMP | 04039090 | 160 | 136 | No |
| Whey | 0404 | 190 | 162 | No |

86. Since there are no export subsidy reduction commitments on dairy products in the schedule of Israel, under the terms of the Agreement it cannot provide Article 9:1 export subsidies for these products in the future, other than those permitted for developing countries under Article 9:1(d) and (e).

SOUTH ASIA

Bangladesh

87. Bangladesh has bound all tariffs on dairy products at a ceiling rate of 200 per cent and has consolidated "other duties and charges" at a rate of 30 per cent (currently subject to confirmation). Bangladesh was not required to consolidate any tariff quotas in its Uruguay Round schedule.

88. Since there are no export subsidy reduction commitments on dairy products in the schedule of Bangladesh, under the terms of the Agreement it cannot provide Article 9:1 export subsidies for these products in the future, other than those permitted for developing countries under Article 9:1(d) and (e).

India

89. For some dairy products, tariffs will be reduced in equal annual instalments from 100 per cent to the final bound rate of 40 per cent in 2004 (e.g. cheese, butter). For other dairy products, the ceiling bindings of 100 or 150 per cent will come into effect immediately (e.g. buttermilk, yogurt, etc.). Milk powder imports will be free of duty. None of the tariff lines will be subject to the SSG India was not required to consolidate any tariff quotas for dairy products.

| Tariffs - India | Tariff line | Base rate of duty (%) | Final bound tariff (%) | SSG |
|--|---------------------|-----------------------|------------------------|----------|
| Fresh milk and cream (fat content < 6%) (fat content > 6%) | 040110/20 040130 | 100 100 | 100 40 | No No |
| SMP | 040210 | 0 | 0 | No |
| WMP | 040221 | 0 | 0 | No |
| Butterfat | 0405 | 100 | 40 | No |
| Cheese | 0406 | 100 | 40 | No |
| Whey | 040410 | 100 | 40 | No |
| Buttermilk, yogurt, etc. | 0403 | 100 | 150 | No |

Note: The base rates of duty relate to the unbound duty levels applied as at 1 September 1986, inclusive of "other duties and charges".

90. Since there are no export subsidy reduction commitments on dairy products in the schedule of India, under the terms of the Agreement it cannot provide Article 9:1 export subsidies for these products in the future, other than those permitted for developing countries under Article 9:1(d) and (e).

Pakistan

91. Pakistan has bound its tariffs on dairy products at a ceiling rate of 100 per cent which will come into effect in 1995. Pakistan was not required to consolidate any TQs.

92. Since there are no export subsidy reduction commitments on dairy products in the schedule of Pakistan, under the terms of the Agreement it cannot provide Article 9:1 export subsidies for these products in the future, other than those permitted for developing countries under Article 9:1(d) and (e).

Sri Lanka

93. Sri Lanka committed itself to binding all tariffs on agricultural products covered by the Agreement on Agriculture at a ceiling level of 50 per cent. There are a few exceptions for tariffs which are currently subject to renegotiation under GATT Article XXVIII. These exceptions include fresh milk and cream (HS 0401) and concentrated milk and cream (HS 0402). Sri Lanka was not required to consolidate any tariff quotas.

94. Since there are no export subsidy reduction commitments on dairy products in the schedule of Sri Lanka, under the terms of the Agreement it cannot provide Article 9:1 export subsidies for these products in the future, other than those permitted for developing countries under Article 9:1(d) and (e).

SOUTH EAST ASIA

Indonesia

95. Indonesia will establish a TQ in terms of fresh milk equivalents for a total of 414,700 tons, subject to an in-quota tariff of 40 per cent. This quantity will be allocated to products in the sub-heading 0402, i.e. concentrated milk and cream (e.g. milk powders). The tariff quota would roughly equate to 36,000 tons of SMP (conversion factor: 11.6) and 21,000 tons butter component, or 50,000 tons of WMP (conversion factor: 8.2).

96. The implementation period for Indonesia's tariff reduction commitments will be 1995 to 2004.

| Tariffs - Indonesia | Tariff line | Base rate of duty (%) | Final bound tariff in 2004 (%) | SSG |
|----------------------|----------------------|-----------------------|--------------------------------|-----|
| Fresh milk and cream | 0401 | 50 | 40 | No |
| SMP WMP | 040210, 040221/29 | 238 | 210 | Yes |
| Butter | 04050090 | 50 | 40 | No |
| Milk fat (AMF) | 04050010 | 238 | 210 | Yes |
| Cheese | 0406 | 50 | 40 | No |

97. Since there are no export subsidy reduction commitments on dairy products in the schedule of Indonesia, under the terms of the Agreement it cannot provide Article 9:1 export subsidies for these products in the future, other than those permitted for developing countries under Article 9:1(d) and (e).

Malaysia

98. Malaysia is committed to establish two TQs for fresh milk and cream, one for 600,000 litres rising to 1 million litres in 2004, and the second for 90 tons to be increased to 150 tons in 2004. In-quota tariffs will be 50 per cent and 3 per cent, respectively.

99. Malaysia did not reserve special safeguard measures, except for three tariff lines in the category of fresh milk and cream (those listed in the following table under liquid milk and cream).

100. Since there are no export subsidy reduction commitments on dairy products in the schedule of Malaysia, under the terms of the Agreement it cannot provide Article 9:1 export subsidies for these products in the future, other than those permitted for developing countries under Article 9:1(d) and (e).

| Tariffs - Malaysia | Tariff line | Base rate of duty (in ringgit (\$) per ton or %) | Final bound tariff in 2004 (in ringgit (\$) per ton or %) | SSG |
|--|-------------|--|---|-----|
| Liquid milk and cream | 040110920 | 60.6 | 54.4 | Yes |
| | 040120920 | 60.6 | 54.5 | Yes |
| | 040130192 | 60.6 | 54.4 | Yes |
| | 040130292 | 60.6 | 54.5 | Yes |
| SMP (packages > 5 kg.) (packages < 5 kg.) (stockfeed) | 0402100 | \$ 146.4 | \$ 122.4 | No |
| | 0402200 | \$ 352.2 | \$ 294.0 | |
| | 0402300 | \$ 88.2 | \$ 79.4 | |
| WMP (infant formula) (full cream) (cream) | 040221110 | 6 | 5 | No |
| | 040221191 | \$ 311.3 | \$ 259.4 | |
| | 040221200 | \$ 124.2 | \$ 88.2 | |
| AMF for manufacture of reconstituted milk | 040500210 | 10 | 2 | No |
| Cheese, except curd | 0406 | 20 | 10 | No |
| Whey powder | 040410910 | \$ 88.2 | \$ 79.4 | No |
| BMP | 040390993 | \$ 88.2 | \$ 79.4 | No |

Note: \$ = Malaysian ringgit.

Philippines

101. The Philippines reserved the right to implement the tariff reductions on the basis of the following schedule: tariff cuts equal to five percentage points or less will be implemented on 1 July 1999 (e.g. fresh milk and cream). Tariff reductions equal to 10 percentage points or less will be implemented in two equal instalments on 1 July 1997 and 1 July 2002 (e.g. butter/AMF and BMP). Tariff reductions equal to 15 percentage points and above will be implemented in three equal instalments on 1 July 1997, 1 July 1999 and 1 July 2003 (e.g. WMP and cheese). The special agricultural safeguard will not apply to dairy products. The Philippines was not required to consolidate any tariff quotas for dairy products.

| Tariffs - Philippines | Tariff line | Base rate of duty (in %) | Final bound tariff (in %) | SSG |
|-----------------------|-------------|--------------------------|---------------------------|-----|
| Fresh milk and cream | 0401 | 20 | 18 | No |
| SMP | 04021010 | 20 | 18 | No |
| | 04021090 | 40 | 20 | No |
| WMP | 040221 | 40 | 25 | No |
| Butter | 04050020 | 50 | 40 | No |
| AMF | 04050010 | 30 | 20 | No |
| Cheese (except curd) | 0406 | 50 | 35 | No |
| Whey | 04041000 | 30 | 15 | No |
| BMP | 04039019 | 30 | 20 | No |

102. Since there are no export subsidy reduction commitments on dairy products in the schedule of the Philippines, under the terms of the Agreement it cannot provide Article 9:1 export subsidies for these products in the future, other than those permitted for developing countries under Article 9:1(d) and (e).

Singapore

103. Singapore's tariff reductions for dairy products will start from a common level of 27 per cent and end either at 10 per cent (e.g. cheese) or zero (e.g. butter, milk powder). The reductions will be implemented in 10 equal instalments over the period 1995-2004. Singapore was not required to consolidate any TQs for dairy products.

| Tariffs - Singapore | Tariff line | Base rate of duty (in %) | Final bound tariff in 2004 (in %) | SSG |
|--|-------------------|--------------------------|-----------------------------------|-----|
| Fresh milk and cream | 0401 | 27 | 10 | No |
| SMP WMP | 040210, 040221 | 27 | 0 | No |
| Butter, AMF, ghee | 0405 | 27 | 0 | No |
| Cheese | 0406 | 27 | 10 | No |
| Whey | 0404 | 27 | 10 | No |
| Buttermilk, BMP, etc. (except yogurt) | 040390007 | 27 | 0 | No |
| Yogurt | 040310002 | 27 | 10 | No |

Thailand

104. Thailand will establish a TQ for SMP which will rise from 45,000 tons in 1995 to 55,000 tons in 2004 (subject to an in-quota tariff of 20 per cent). Furthermore, access opportunities for fresh milk and cream will be increased from 2,286 tons to 2,400 tons (subject to an in-quota tariff of 20 per cent).

105. Thailand's tariffs will not be subject to the SSG, except for over-quota fresh milk and cream, and SMP.

| Tariffs - Thailand | Tariff line | Base rate of duty (in %) | Final bound tariff in 2004 (in %) | SSG |
|----------------------|-------------|---|---|-----|
| Fresh milk and cream | 0401 | 46 | 41 | Yes |
| SMP | 040210 | 240 | 216 | Yes |
| WMP | 0402219 | 20 | 18 | No |
| Infant formula | 0402211 | 20 | 5 | No |
| AMF | 0405009 | 20 | 18 | No |
| Cheese | 0406 | 20,000 Baht per ton but not more than 60% | 10,000 Baht per ton but not more than 30% | No |
| Whey (liquid) | 0404101 | 40 | 30 | No |
| BMP | 040390 | 20 | 18 | No |

106. Since there are no export subsidy reduction commitments on dairy products in the schedule of the Thailand, under the terms of the Agreement it cannot provide Article 9:1 export subsidies for these products in the future, other than those permitted for developing countries under Article 9:1(d) and (e).

EAST ASIA

Hong Kong

107. Hong Kong will continue to apply a duty-free tariff regime for all agricultural products covered by the Agreement on Agriculture. Hong Kong is committed not to take recourse to the special agricultural safeguard.

Japan

108. Japan is committed to open a number of tariff quotas for dairy products, two of which are aggregate quotas expressed in terms of whole milk equivalents rather than product weight. One of them represents the TQ for "other dairy products for general use" which covers dairy products other than designated dairy products and includes dairy products falling under HS Chapters 19 and 21. The other is the tariff quota for "designated dairy products for general use", a basket quota covering dairy products other than fresh milk and cream and cheese. Japan will also bind and successively reduce the mark-up applicable to imports under the tariff quota of "designated dairy products for general use". If the mark-up on the specific product is abolished during the implementation period, Japan reserves the right to change the current mark-up and add certain mark-up amounts to the in-quota tariff. Japan will continue to apply a tariff-only regime for cheese.

| Tariff quotas - Japan | Initial tariff quota in 1995 (tons) | Final tariff quota in 2000 (tons) | In-quota tariff (%) | Subject to mark-up system |
|---|-------------------------------------|-----------------------------------|---------------------|----------------------------|
| SMP (for school lunch) | 7,264 | 7,264 | zero | No |
| SMP (for other purposes) | 85,878 | 85,878 | 0-35 | No |
| Milk powder | 0.3 | 0.3 | 30 | No |
| Evaporated milk | 1,585 | 1,585 | 25-30 | No |
| Condensed milk | 13 | 13 | 30 | No |
| Whey and modified whey (for feeding) | 45,000 | 45,000 | zero | No |
| Prepared whey (for infant formula) | 25,000 | 25,000 | 10 | No |
| Butter and AMF | 1,873 | 1,873 | 35 | No |
| Mineral concentrated whey | 14,000 | 14,000 | 25-35 | No |
| Other dairy products for general use (in tons of whole milk equivalent), including: fresh milk and cream, evaporated milk, unfrozen yogurt, buttermilk, products consisting of natural milk constituents; and prepared dairy products under HS Chapters 19 and 21 | 124,640 | 133,940 | 12-35 | No |
| Designated dairy products for general use (in whole milk equivalent), including: SMP, milk powder, skimmed milk solids, condensed milk, buttermilk powder, whey and modified whey, butter, butter oil | 137,202 | 137,202 | 25-35 | Yes, with phased reduction |

109. Japan's bound tariffs on cheese (except processed, grated, and certain fresh frozen cheese) will be reduced from 35 per cent to 29.8 per cent over the implementation period. In the case of butterfat and SMP for general use, the out-of-quota duty will be composed of an ad valorem tariff and a specific amount collected by the Government of Japan or its agents. Except for cheese and frozen yogurt, most of the tariff lines for dairy products will be subject to the SSG.

| Tariffs - Japan | Tariff line | Base rate of duty (%) | Bound rate of duty in 2000 (%) | SSG |
|--|-------------|---|---|-----|
| SMP (containing added sugar) (for school lunch, for feeding purposes) (other) | 040210 | 35 + 466 yen/kg. 466 yen/kg. 25 + 466 yen/kg. | 29.8 + 396 yen/kg. 396 yen/kg. 21.3 + 396 yen/kg. | Yes |
| Butterfat (butter) (AMF) | 040500 | 35 + 1,159 yen/kg. 35 + 1,363 yen/kg. | 29.8 + 985 yen/kg. 29.8 + 1,159 yen/kg. | Yes |
| Fresh cheese | 040610 | 35 | 29.8/22.4 | No |
| Grated cheese (of processed cheese)* (other) | 040620 | 79.7 35 | 40 26.3 | No |
| Processed cheese* | 040630 | 79.7 | 40 | No |
| Blue-veined cheese | 040640 | 35 | 29.8 | No |
| Other cheese | 040690 | 35 | 29.8 | No |

Note: *The final bound rate of duty will become effective in 1995.

110. Since there are no export subsidy reduction commitments on dairy products in the schedule of Japan, under the terms of the Agreement it cannot provide Article 9:1 export subsidies for these products in the future.

Republic of Korea

111. Korea has consolidated tariff quotas totalling 24,293 tons of dairy products in 1995 and rising to 56,390 tons in 2004. Sizeable new access opportunities will be created for whey (powder) at a reduced tariff of 20 per cent. The tariff quota for SMP includes buttermilk. Korea was not required to consolidate any tariff quotas for cheese.

| Tariff quotas - Korea | Initial tariff quota in 1995 (in tons) | Final tariff quota in 2004 (in tons) | In-quota tariff (%) |
|---------------------------|--|--------------------------------------|---------------------|
| SMP, buttermilk, etc. | 621 | 1,034 | 20 |
| WMP, etc. | 344 | 573 | 40 |
| Evaporated milk and cream | 78 | 130 | 40 |
| Whey and whey powder | 23,000 | 54,233 | 20 |
| Butterfat | 250 | 420 | 40 |

112. The reduction of Korea's bound tariffs and expansion of tariff quotas will be implemented in 10 equal instalments beginning in 1995 and ending in 2004. The tariffs on cheeses (except curd) will be reduced from 40 per cent to 36 per cent. On certain products, such as butter/AMF, evaporated

milk and buttermilk, Korea will maintain quantitative restrictions until 1 July 1996. None of the tariffs on dairy products will be subject to the SSG.

| Tariffs - Korea | Tariff line | Base rate of duty (in %) | Final bound tariff in 2004 (in %) | SSG |
|--|--------------------------|--------------------------|-----------------------------------|-----|
| Fresh milk and cream | 0401 | 47.4 | 36 | No |
| SMP WMP | 0402101010 0402211000 | 220 | 176 | No |
| Evaporated milk | 0402911000 | 99 | 89 | No |
| Butterfat | 0405 | 99 | 89 | No |
| Cheese (except curd) | 0406 | 40 | 36 | No |
| Whey and whey powder | 040410 | 99 | 49.5 | No |
| Yogurt, curdled milk and cream (except buttermilk) | 0403 | 47.4 | 36 | No |
| Buttermilk | 0403901000 | 99 | 89 | No |

Note: For evaporated milk, butterfat and buttermilk, quantitative restrictions will be eliminated by 1 July 1996 and tariffs will take effect.

113. Since there are no export subsidy reduction commitments on dairy products in the schedule of the Korea, under the terms of the Agreement it cannot provide Article 9:1 export subsidies for these products in the future, other than those permitted for developing countries under Article 9:1(d) and (e).

OCEANIA

Australia

114. By the end of the implementation period, Australia's tariffs for dairy products will generally be bound at zero or 1 per cent ad valorem, except for cheese. Australia will establish an annual TQ for cheese totalling 11,500 tons, subject to an in-quota tariff of \$A 96 per ton. For over-quota imports, most cheese types will be subject to specific duties and the SSG.

| Tariffs - Australia | Tariff line | Base rate of duty (%) | Bound rate of duty (%) | SSG |
|--|------------------|------------------------|------------------------|-----------|
| Fresh milk and cream | 0401 | 0 | 0 | No |
| Milk powder | 0402 | \$A 50 per ton | 1 | No |
| Butterfat | 0405 | \$A 100 per ton | 1 | No |
| Cheese, except Roquefort, Stilton | 0406 04064010 | \$A 1,440 per ton 0 | \$A 1,220 per ton 0 | Yes No |
| Gatmilk and surface ripened soft cheese | 04069010 | 0 | 0 | No |
| Whey | 0404 | \$A 50 per ton | 1 | No |
| Buttermilk, yogurt, etc. | 0403 | \$A 50 per ton | 1 | No |

115. Australia's export subsidy reduction commitments relate to the dairy marketing year which runs from July to June. Reduction commitments start from the (higher) base of average exports in 1991/92 and 1992/93 rather than base quantity exports during 1986/87 to 1990/91 (the front-loading option). In the case of "other milk products", Australia's quantity commitments are fixed both in terms of milk fat and solids-non-fat (the quantities listed in the export subsidy Appendix are based on solids-non-fat). Furthermore, this category includes dairy products covered by HS Chapters 17 and 35. In monetary terms, the maximum Australia is committed to disburse as export subsidy payments for all dairy products taken together will be \$A 135.64 million in 1995/96, declining to \$A 87.87 million in 2000/2001.

New Zealand

116. None of New Zealand's tariffs for dairy products will be subject to the SSG. New Zealand was not required to consolidate any TQs for dairy products.

| Tariffs - New Zealand | Tariff line | Base rate of duty (%) | Bound rate of duty (%) | SSG |
|---|------------------|-----------------------|------------------------|-----|
| Fresh milk and cream | 0401 | 10 | 7.5 | No |
| SMP and WMP | 040210/21 | 20 | 12.8 | No |
| Butterfat | 0405 | 10 | 6.4 | No |
| Cheese (except blue-veined cheese and "other" cheese) | 0406 | 10 | 6.4 | No |
| Blue-veined cheese, "Other" cheese | 040640 040690 | 20 | 12.8 | No |
| Buttermilk, yogurt, etc. | 0403 | 30 | 19.2 | No |

117. Since there are no export subsidy reduction commitments on dairy products in the schedule of New Zealand, under the terms of the Agreement it cannot provide Article 9:1 export subsidies for these products in the future.

AFRICA

Egypt

118. Egypt has renegotiated its schedule under Article XXVIII of GATT. Some tariffs which had previously been bound at a low level (e.g. SMP) will remain unchanged. None of the tariff lines will be subject to the SSG. Egypt was not required to consolidate any TQs for dairy products.

| Tariffs - Egypt | Tariff line | Base rate of duty (%) | Final bound tariff in 2004 (%) | SSG |
|--|-------------|-----------------------|--------------------------------|-----|
| Fresh milk and cream (fat content < 6%) (fat content > 6%) | 040110-20 | 40 | 30 | No |
| | 040130 | 80 | 60 | |
| SMP | 040210 | 5 | 5 | No |
| WMP (for children) (cream) (packages < 20 kg.) (other) | 04022110 | 10 | 5 | No |
| | 04022120 | 80 | 60 | |
| | 04022191 | 10 | 5 | |
| | 04022199 | 30 | 20 | |
| Butterfat (packages < 20 kg.) (other) | 040500 | 20 | 15 | No |
| | | 10 | 5 | |
| Cheese (other than fresh cheese) | 0406 | 25 | 20 | No |
| Fresh cheese | 040610 | 40 | 30 | No |

119. Since there are no export subsidy reduction commitments on dairy products in the schedule of the Egypt, under the terms of the Agreement it cannot provide Article 9:1 export subsidies for these products in the future other than those permitted for developing countries under Article 9:1(d) and (e).

Nigeria

120. Nigeria will bind its ordinary customs duties on all agricultural products covered by the Agreement on Agriculture at a ceiling rate of 150 per cent. It will also bind "other duties and charges" at a level of 80 per cent. Nigeria was not required to consolidate any tariff quotas.

121. Since there are no export subsidy reduction commitments on dairy products in the schedule of the Nigeria, under the terms of the Agreement it cannot provide Article 9:1 export subsidies for these products in the future, other than those permitted for developing countries under Article 9:1(d) and (e).

South Africa

122. South Africa will establish tariff quotas totalling 42,387 tons of dairy products in the initial year and rising to 64,282 tons in the final year. Substantial new market access opportunities will be opened for fresh milk and cream. South Africa is committed to fill the tariff quotas at tariff rates of a maximum of 20 per cent of the bound rates for both the initial and final quantities.

| Tariff quotas - South Africa | Initial tariff quota in 1995 (in tons) | Final tariff quota in 2000 (in tons) | In-quota tariff |
|------------------------------|--|--------------------------------------|------------------------|
| Fresh milk and cream | 32,194 | 53,657 | max. 20% of bound rate |
| Milk powder | 4,470 | 4,470 | max. 20% of bound rate |
| Butterfat | 1,167 | 1,167 | max. 20% of bound rate |
| Cheese | 1,557 | 1,989 | max. 20% of bound rate |
| Whey | 2,786 | 2,786 | max. 20% of bound rate |
| Buttermilk, yogurt, etc. | 213 | 213 | max. 20% of bound rate |

123. All tariffs of South Africa's "dairy schedule" will be covered by the special agricultural safeguard clause. The implementation period for the tariff reductions will be 1995 to 2000.

| Tariffs - South Africa | Tariff line | Base rate of duty (%) | Bound rate of duty in 2000 (%) | SSG |
|---|------------------------|-----------------------|--------------------------------|-----|
| Dairy products, except butterfat and cheese | 0401, 0402, 0403, 0404 | 215 | 96 | Yes |
| Butterfat | 0405 | 158 | 79 | Yes |
| Cheese | 0406 | 190 | 95 | Yes |

124. South Africa has entered into export subsidy reduction commitments for milk powder, butter, cheese, and "other" milk products.

Tunisia

125. Tunisia consolidated TQs totalling 25,500 tons of dairy products.

| Tariff quotas - Tunisia | Initial tariff quota in 1995 (in tons) | Final tariff quota in 2004 (in tons) | In-quota tariff (%) |
|-------------------------|--|--------------------------------------|---------------------|
| Milk powder | 20,000 | 20,000 | 17 |
| Butter | 4,000 | 4,000 | 35 |
| Cheese | 1,500 | 1,500 | 27 |

126. The implementation period for Tunisia's tariff reductions will be 1995 to 2004.

| Tariffs - Tunisia | Tariff line | Base rate of duty (%) | Bound rate of duty in 2004 (%) | SSG |
|----------------------|-------------|-----------------------|--------------------------------|-----|
| Fresh milk and cream | 0401 | 220 | 180 | No |
| SMP | 040210 | 108 | 90 | Yes |
| WMP | 040221 | 85 | 72 | Yes |
| Butterfat | 040500 | 164 | 100 | Yes |
| Cheese | 0406 | 154 | 100 | Yes |

127. Since there are no export subsidy reduction commitments on dairy products in the schedule of the Tunisia, under the terms of the Agreement it cannot provide Article 9:1 export subsidies for these products in the future, other than those permitted for developing countries under Article 9:1(d) and (e).

APPENDIX

Maximum Allowable Subsidized Exports of Dairy Products (metric tons)

| Country | SMP | | Butter & butter oil | | Cheese | | Other milk products | | Dairy products | |
|-----------------------------------|--------------|------------|---------------------|------------|--------------|------------|---------------------|------------|----------------|------------|
| | Initial year | Final year | Initial year | Final year | Initial year | Final year | Initial year | Final year | Initial year | Final year |
| Western Europe | | | | | | | | | | |
| Austria | 14,519 | 10,261 | 3,284 | 2,688 | 35,125 | 28,755 | 14,968 | 12,253 | | |
| European Communities | 297,200 | 243,300 | 447,200 | 366,100 | 406,700 | 305,100 | 1,161,400 | 938,400 | | |
| Finland | 22,500 | 18,400 | 20,600 | 16,800 | 31,000 | 25,400 | 0 | 0 | | |
| Norway | 0 | 0 | 7,174 | 5,873 | 22,979 | 16,208 | 123 | 24 | | |
| Sweden | 23,200 | 19,000 | 18,300 | 15,600 | 3,300 | 2,600 | 2,500 | 2,000 | | |
| Switzerland | n.a. | n.a. | 0 | 0 | n.a. | n.a. | n.a. | n.a. | n.a. | 62,162 |
| Turkey | 178 | 156 | 165 | 144 | 3,020 | 2,634 | 284 | 248 | | |
| Central and Eastern Europe | | | | | | | | | | |
| Czech Republic | 81,700 | 66,900 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 76,700 | 62,800 |
| Hungary | 0 | 0 | 0 | 0 | 1,930 | 1,580 | 0 | 0 | | |
| Poland | 45,200 | 37,000 | 0 | 0 | 0 | 0 | 0 | 0 | 18,700 | 15,300 |
| Romania | 0 | 0 | 16,600 | 14,800 | 12,700 | 11,400 | 0 | 0 | | |
| Slovak Republic | 18,300 | 15,000 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 8,700 | 7,100 |
| North America | | | | | | | | | | |
| Canada | 54,910 | 44,953 | 9,464 | 3,500 | 12,448 | 9,076 | 36,990 | 30,282 | | |
| Mexico | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| United States | 108,227 | 68,201 | 42,989 | 21,097 | 3,829 | 3,030 | 12,456 | 34 | | |

| Country | SMP | | Butter & butter oil | | Cheese | | Other milk products | | Dairy products | |
|----------------|----------------|----------------|---------------------|----------------|----------------|----------------|---------------------|------------------|----------------|----------------|
| | Initial year | Final year | Initial year | Final year | Initial year | Final year | Initial year | Final year | Initial year | Final year |
| Philippines | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| Singapore | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| Thailand | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| East Asia | | | | | | | | | | |
| Hong Kong | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| Japan | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| Korea, Rep. of | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| Oceania | | | | | | | | | | |
| Australia | 106,308 | 67,636 | 63,706 | 38,828 | 71,997 | 49,880 | 88,862 | 50,573 | | |
| New Zealand | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| Africa | | | | | | | | | | |
| Egypt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| Nigeria | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| South Africa | 4,144 | 3,392 | 1,168 | 956 | 281 | 230 | 444 | 363 | | |
| Tunisia | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| TOTAL | 776,386 | 594,199 | 632,766 | 488,232 | 605,309 | 455,893 | 1,329,060 | 1,043,800 | 104,100 | 147,362 |

Note: The category "dairy products" applies only to those countries that aggregated (some of) their reduction commitments for dairy products.
 Finland: SMP category defined as milk powder including whey.
 Norway: Other milk products: whey powder only.
 Turkey: SMP category includes fresh milk and cream.
 Poland: SMP category includes WMP whey and buttermilk/yogurt products; dairy products: here casein.
 Australia: Other milk products are fixed in terms of solids-non-fat.
 n.a.: Not available.