

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Special Distribution

International Dairy Arrangement

INTERNATIONAL DAIRY PRODUCTS COUNCIL

Special Meeting on 15 May 1985 concerning the Resolution of 16 November 1984

Draft Report

Chairman: Mr. J. Viganó (Argentina)

1. The International Dairy Products Council held a special meeting on 15 May 1985. The meeting was held under the terms of Article IV:6 of the Arrangement, following a request by the Commission of the European Communities.
2. The purpose of the meeting was to consider the abrogation of the Resolution of 16 November 1984 (DPC/13).
3. When opening the meeting, the Chairman recalled that the Committees of the Protocols had for some time been considering modifying the levels of the minimum prices in the Arrangement. Furthermore, the idea of modifying these levels in order to alleviate any adverse effects of currency fluctuations had been discussed. They had also considered a proposal for the sale of old butter by derogation from the provisions of the Protocol Regarding Milk Fat pursuant to Article 7 of said Protocol. A possible agreement to rescind the Resolution of 16 November 1984 was linked to the questions of modifying and adjusting minimum price levels and of disposals of old butter. The Chairman therefore invited the Chairman of the Committees of the Protocols to report on the progress made on these other matters.
4. The Chairman of the Committees of the Protocols in an oral statement to the Council, reported that the Committee of the Protocol Regarding Certain Milk Powders, the Committee of the Protocol Regarding Milk Fat and the Committee of the Protocol Regarding Certain Cheeses had met in a special joint session on 17 and 18 April and on 13 and 15 May 1985. The purpose of the meeting was to pursue the examination of

proposals to modify the levels of the minimum prices in the Arrangement, to consider further the question of establishing modalities for adapting minimum prices to monetary fluctuations and furthermore consider proposals for disposal of old butter by derogation from the price provisions of Article 3 of the Protocol Regarding Milk Fat and pursuant to Article 7 of said Protocol.

5. Appreciable progress had been made and several delegations had declared themselves ready to join a consensus. However, it was still necessary to pursue further the bilateral consultations between certain participants which were having divergent opinions about certain points. The Chairman of the Committees nevertheless expressed the conviction that it could be possible to reach agreement on these questions in a not too distant future. The Committees had agreed to hold another special joint meeting on 30 and 31 May 1985.

6. The Council took note of the statement by the Chairman of the Committees.

7. The representative of the European Communities recalled as a matter of principle that his delegation had requested that the Council consider the removal of the Resolution of 16 November 1984. He appreciated the support for an early abrogation of the Resolution. He regretted that participants wanted to continue to take advantage of the Resolution and make further sales of butter at prices below the minimum prices of the Arrangement and expressed the fear that this would have a negative effect on the credibility of the Arrangement as a whole. He insisted that all participants who had made sales of butter and anhydrous milk fat pursuant to the Resolution should notify the sales made and provide all relevant details relating to those. He would like to see the register (DPC/W/44/Add.1/Rev.1) brought up to date on the basis of complete notifications.

8. The representative of Australia confirmed that all Australian sales under the Resolution had been included in the register. No further sales of this type had been made, nor had Australia any intention of making further sales through the window. His delegation was ready to agree to rescind the Resolution without any conditions.

9. The representative of New Zealand recalled that his delegation's proposal to rescind the Resolution had now remained on the table for some time, and he considered it to be rather inconsistent if New Zealand made further sales through the window.

10. The representative of Uruguay could agree to rescind the Resolution, but questioned if this would be a valid exercise, as that matter was closely linked to the problems under consideration in the Committees.

11. The representative of Finland, speaking on behalf of the Nordic countries, shared the concern expressed by Uruguay, and said that it would be meaningless and unrealistic to rescind the Resolution before the questions related to minimum prices and the disposal of old butter could be resolved.

12. The Council took note of the statements made, and also noted that it was unable to reach a decision at this stage on the proposal by New Zealand to rescind the Resolution of 16 November 1984. It urged the Committees to pursue further their considerations of prices and other current problems facing the Arrangement with the aim of reaching a solution at their meeting scheduled for 30 and 31 May 1985. It was agreed that the Council should hold another special meeting in conjunction with the special meeting of the Committees on 31 May 1985.