

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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International Dairy Arrangement

COMMITTEE OF THE PROTOCOL REGARDING CERTAIN CHEESES

Twentieth Session

Draft Report

Introduction

1. The Committee of the Protocol Regarding Certain Cheeses held its twentieth session on 17 December 1984.

Adoption of the agenda

2. The Committee adopted the following agenda:

1. Adoption of report on the nineteenth session

2. Information required by the Committee:

(a) Replies to Questionnaire 3

(b) Summary tables

(c) Other information

3. Review of the market situation for products covered by the Protocol

4. Observance of minimum prices with respect to tenders requiring quotations other than in US dollars

5. Adoption of report to the Council

6. Other business.

Adoption of report on the nineteenth session

3. The Committee adopted the report on its nineteenth session. The report will be distributed as document DPC/C/30.

Information required by the Committee

(a) Replies to Questionnaire 3

4. The Committee reviewed the replies to Questionnaire 3 and requested members which had not yet communicated information for the third quarter of 1984 to do so without delay. In addition, it was pointed out that replies to Questionnaire 3 relating to the fourth quarter of 1984 should reach the secretariat not later than 15 March 1985.

(b) Summary tables

5. The Committee had before it a document containing revised summary tables (DPC/C/W/1/Rev.20) prepared in conformity with Rule 28 of the Rules of Procedure and reproducing the information furnished in Tables A and B of Questionnaire 3 regarding cheeses. The Committee took note of document (DPC/C/W/1/Rev.20).

(c) Other information

6. Members of the Committee were reminded that in accordance with the Resolution adopted by the Council on 16 November 1984 (DPC/13), the provisions of Article 4 of the Protocol should be implemented.

Review of the market situation for products covered by the Protocol

7. The representative of New Zealand estimated that cheese production might increase slightly in 1984/85 as compared to 1983/84. Export prices of Cheddar cheese were between US\$1,200 and US\$1,220 per ton f.o.b.

8. The representative of Japan said that, in the period January to October 1984, imports of cheese had increased by 11 per cent as compared to the corresponding period of 1983.

9. The representative of Hungary said that production, exports and consumption of cheese had increased in the first nine months of 1984 in relation to the corresponding period of 1983.

10. The representative of Bulgaria indicated that in the third quarter of 1984 cheese production had declined in relation to the corresponding quarter of 1983. In the same period, domestic consumption had remained stable. Stocks at the end of the third quarter of 1984 had been at 34,000 tons as compared to 38,000 tons at the end of the previous quarter. Exports had increased in the third quarter of 1984, the main destinations being Iran, the United States, Lebanon and the Federal Republic of Germany. Export prices had been in conformity with the minimum price fixed in the Arrangement.

11. The representative of Australia said that production of leviabile cheese in the July-September period had been down 9.6 per cent on the corresponding period in 1983/84, and estimated production of the full 1984/85 year of 115,000 tonnes was below the 1983/84 level (118,400 tonnes). In response to increased promotional activity some growth was anticipated in domestic consumption of cheese while export availability was expected to be around 65,200 tonnes in 1984/85. In the period under review Japanese cheese market prices were reported to have remained weak, and European suppliers continued to erode the level of price that traditional suppliers such as Australia and New Zealand could achieve.

12. The representative of South Africa estimated that the production of cheese in 1984 might remain stable as compared to 1983. Domestic consumption of cheese had declined in the third quarter of 1984 due to stockpiling by consumers which had taken place during the second quarter. However, in the fourth quarter of 1984, it was forecasted that consumption would increase to some 9,400 tons primarily as the result of a promotional

campaign and a reduction in prices. It was expected that stocks at the end of 1984 would be at 11,900 tons.

13. The representative of Finland indicated that cheese production in 1984 could be slightly over the preceding year's level. After having reached 32,000 tons in 1983, exports were expected to total 35,000 tons in 1984 and to continue stable at that level in 1985. Export prices had been improving since June 1984 and currently seemed to be stabilizing.

14. The representative of Norway said that output of natural cheeses had increased in the third quarter of 1984. Stocks remained at moderate levels.

15. The representative of Sweden said that output and consumption of cheese had increased in the three first quarters of 1984 in relation to the corresponding period of 1983. For the year 1984 as a whole, however, production and consumption were expected to be unchanged in relation to 1983. Imports and exports had increased slightly in the three first quarters of 1984 in relation to the corresponding period of 1983.

16. The representative of Switzerland said that following measures taken to limit cheese production, output of the product had declined in the third quarter of 1984, and a further decrease of 2 per cent was expected in the fourth quarter of the year. Output could remain stable in 1985. Imports and exports had increased over the period January to October 1984 in relation to the corresponding period of 1983. Consumption was stable. At the end of the third quarter of 1984, stocks had totalled 22,500 tonnes.

17. The representative of the United States estimated that cheese production might decline in 1984 to 2,125,000 tons. However, production might expand somewhat in 1985 to 2,150,000 tons. It was expected that imports would increase to 140,000 tons in 1984 and remain stable in 1985. Exports might amount to 22,000 tons in 1984 and remain unchanged in 1985 as compared to 1984. Domestic consumption might reach 2,295,000 tons in 1984

and 2,340,000 tons in 1985. Total stocks, i.e. private and government stocks, might decline to 522,000 tons at the end of 1984 as compared to 574,000 tons at the beginning of the year. It was anticipated that total stocks at the end of 1985 would amount to 450,000 tons.

18. The representative of the EEC said that according to certain reports the United States had sold to Egypt 5,000 tons of processed cheese at a price of US\$1,160 per ton f.a.s., for delivery between March 1985 and January 1986. He asked whether the United States representative could confirm those reports.

19. The representative of the United States replied that he had information on the quantity and the delivery period. With regard to prices, the information of his delegation was that the sale had been made at current world market prices.

20. The representative of the EEC estimated that output and consumption of cheese could increase by 4.4 per cent and 1.9 per cent respectively in 1984 in relation to the previous year. Exports and imports were expected to total 400,000 tons and 100,000 tons respectively in 1984. Cheese stocks under private contract were currently at the level of 100,000 tons. Community operators could export Cheddar cheese of standard quality at prices not lower than US\$1,250 per ton f.o.b. The Community could consider itself satisfied with the market situation for cheese.

21. The observer for Canada said that production and consumption of Cheddar cheese had increased by 5.3 per cent and 6.2 per cent respectively during the 1983/84 dairy year. In 1984/85, output of Cheddar cheese was expected to drop back to 98,000 tons and consumption would probably decline marginally to 96,500 tons, as against 97,200 tons in 1983/84. Output and consumption of specialty cheeses had increased in 1984 and could continue to develop in 1984/85, but further increases as large as those recorded in 1983/84 seemed unlikely.

Observance of the minimum price with respect to tenders requiring quotations other than in US dollars

22. Regarding the question of observance of the minimum price with respect to tenders requiring quotations other than in US dollars, the Committee noted that no case of that kind had been reported.

Adoption of report to the Council

23. In pursuance of Article VII:2(a) of the Arrangement and Rule 22 of the Rules of Procedure, the Committee adopted its report to the Council. That report, on the Committee's work at its twentieth session, will be distributed as document DPC/C/31. In addition, the Committee agreed that a brief oral report on discussions at the current session would be made to the Council at its special session on 18 December 1984.

Other business

Communication from the Australian Permanent Mission

24. The representative of Australia provided further details relating to the disposal of faulty cheese to Japan in conformity with Article 7:2 of the Protocol notified in DPC/C/W/20 and Corr.1. She said that this information would also be provided in writing. The communication containing this information will be distributed as document DPC/C/W/20/Corr.1/Add.1.

Dates of next sessions

25. At the eleventh session of the Council, it had been proposed that, as for the 1984 sessions, a preliminary timetable should be established for 1985 and provisional dates approved at the December 1984 sessions of the Committees. The following dates were agreed on for 1985:

25 to 27 March 1985

- the Council meeting on 28 and (if necessary) 29 March 1985

17 to 19 June 1985

23 to 25 September 1985

- the Council meeting on 26 and (if necessary) 27 September 1985

16 to 18 December 1985.

It was agreed that, if their work permitted, the Committees could hold their sessions in two days instead of three. On the occasion of the March sessions, for which the dates of 25 to 27 March 1985 have been approved, the session of the Committee of the Protocol Regarding Milk Fat will be followed by the session of the Committee of the Protocol Regarding Certain Milk Powders and then the session of the Committee of the Protocol Regarding Certain Cheeses.