

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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13 January 1986

Special Distribution

International Dairy Arrangement

PROTOCOL REGARDING CERTAIN CHEESES

Communication from the Australian Permanent Mission

The following communication, dated 6 January 1986, has been received from the Australian Permanent Mission.

A derogation sale of faulty cheese had been advised on 27 November 1985. The details of this sale are as follows:

The Australian Dairy Corporation had a quality problem with a quantity of Australian Cheddar cheese which was shipped to Japan for sale in that market. The quality defect related to deposits of calcium lactate in the cheese mass which made it unacceptable to the Japanese customer for whom it was intended. As a result it was necessary to seek an alternative market for the cheese outside Japan.

The total quantity (2,480 cartons - 49.6 m.t.) was purchased at \$A 1,030 per tonne f.o.b. Japanese port, by a European cheese-powder manufacturer.

Currently there is a lot of product available for that segment of the market, the prices that can be realised are low and are largely dictated by the sale of second-quality cheese from other sources (currently quoted at US\$850 c.i.f. Hamburg).