

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED
DPC/C/8
30 June 1981

International Dairy Arrangement

COMMITTEE OF THE PROTOCOL REGARDING CERTAIN CHEESES

FIFTH SESSION

Report

Introduction

1. The Committee of the Protocol Regarding Certain Cheeses held its fifth session on 31 March 1981.

Adoption of the agenda

2. The Committee adopted the following agenda:
1. Adoption of the agenda.
 2. Election of the Chairman and the Vice-Chairman.
 3. Adoption of report on the fourth session.
 4. Information required by the Committee:
 - (a) Replies to Questionnaire 3
 - (b) Summary tables
 - (c) Other information.
 5. Review of the market situation for products covered by the Protocol.
 6. Other business.

Election of the Chairman and the Vice-Chairman

3. The Committee designated Mrs. Francine Hubert (secretariat) as Chairman; it agreed not to elect a Vice-Chairman at the current session.

Adoption of report on the fourth session

4. The Committee adopted the report on its fourth session. The report will be circulated as document DPC/C/6.

Information required by the Committee

(a) Replies to Questionnaire 3

5. The Committee reviewed the replies to Questionnaire 3 and requested members which had not yet communicated information for the fourth quarter of 1980 to do so without delay. In addition, it was pointed out that the replies to Questionnaire 3

relating to the first quarter of 1981 should reach the secretariat not later than 15 June 1981.

6. The Committee accepted, on a trial basis, the secretariat's proposal for a new presentation of replies to Questionnaire 3. In order to allow more rapid distribution of the documents and achieve some economies, replies to the Questionnaire would be circulated in the original language only, with a translation of all footnotes on the last page. It was also agreed that a reference document would be circulated indicating in the three working languages all titles and headings in the Questionnaire.

(b) Summary tables

7. The Committee was informed that in accordance with Rule 28 of the Rules of Procedure, the secretariat had prepared summary tables incorporating the data provided in Table A of Questionnaire 3 in respect of cheeses. The Committee had before it a document containing revised summary tables (DPC/C/W/1/Rev.4). The Committee took note of that document.

(c) Other information

8. In pursuance of Rule 23 of the Rules of Procedure stipulating that the questionnaires can be revised in the light of data communicated, the Committee decided that it would be useful to have a meeting at expert level to examine the matter on the occasion of its June 1981 session.

Review of the market situation for products covered by the Protocol

9. The representative of the United States said that in 1980 total cheese production had been up 6.4 per cent over the preceding year's level. A further increase by about 5 per cent could be expected in 1981 in relation to 1980. Total domestic consumption of cheese had risen slightly in 1980, reaching 1,807,000 tons as against 1,749,000 tons in 1979. Per capita use of all types of natural cheese had increased slightly in 1980 over 1979. Total imports of cheese had amounted to 104,000 metric tons during 1980, a decline of about 7 per cent. Some of this decline had occurred because importers had increased purchases of cheese in December 1979 in anticipation of new quotas in 1980. However most of the overall 1980 decline had been likely because importers had been faced with a slack demand for cheese and with high carrying charges. Increasing red meat prices and higher consumer incomes were likely to strengthen demand for cheese in 1981. Consequently, imports could be expected to be larger in 1981 than in 1980.

10. The representative of the European Economic Community said that total cheese production had increased by 3.5 per cent in 1980 in relation to 1979. A further increase, by about 2 per cent, was expected in 1981. It was estimated that domestic cheese consumption would likewise continue to develop in 1981, at a rate of 1 to 1.5 per cent in relation to 1980. International trade in cheese had developed fairly satisfactorily and the Community's exports had increased substantially in 1980; the same export possibilities were expected in 1981. Community cheese stocks receiving aid to private storage at present totalled some 40,000 tons.

11. The representative of New Zealand said that prices of Cheddar cheese had remained stable in the region of US\$1,500 per metric ton f.o.b. According to certain indications, those prices were tending to rise slightly. He noted however that the dairy policy in the major producing and trading countries could play a crucial rôle in the stability of the market. Because of the huge volume of milk production in these countries, only a very small change in this milk production, could make a great difference to the scale of available supplies of manufactured products.

12. The representative of Switzerland said that cheese production and trade had shown no great change in 1980 in relation to 1979. Total imports and exports of cheese had increased in 1980. Stocks, which had been abundant in 1979 and part of 1980, had declined towards the end of 1980 to levels that could be considered normal. No noteworthy changes in cheese production and domestic consumption were expected in 1981 in relation to 1980. Cheese imports in 1981 were likely to remain at around the same level as in earlier years. On the export side, a decline by about 3 per cent was expected for the first half of 1981 in relation to the corresponding period of 1980. Export and import prices had been tending to increase and it was hoped that the upward trend would continue.

13. The representative of Finland said that production, domestic consumption and exports of cheese had risen considerably in 1980 in relation to 1979; that trend was expected to continue in 1981 though more slowly than in 1980. The production increase was estimated at around 3,000 tons and that for domestic consumption at 2,000 to 3,000 tons in 1981. No noteworthy changes seemed likely in 1981 in respect of exports.

14. The representative of Austria said that total cheese production in 1980 had increased by about 1.7 per cent to the level of 73,600 tons. Exports and imports had risen by 6.9 per cent and 11.5 per cent respectively. Total domestic consumption had been up by about 1 per cent to approximately 34,000 tons. The level of stocks had not varied between the beginning and the end of 1980.

15. The representative of Norway said that production of natural cheese had increased by 2.8 per cent in 1980 to 69,500 tons. In that year, total exports had declined by 9 per cent and domestic consumption had increased by about 4.3 per cent in relation to 1979. Cheese stocks had been replenished at the end of 1980, reaching some 18,700 tons at 31 December 1980. If the existing stock situation continued in the coming months, exports could be expected to increase in 1981.

16. The representative of Romania said that production and domestic consumption of cheese had shown a parallel decline in 1980 in relation to 1979. Cheese exports in 1980 had been 17 per cent above the preceding year's level. There had been no change in cheese stocks between the beginning and the end of 1980.

17. The representative of Australia said that world market for Cheddar cheese remained under pressure as a result of the increases in the EEC and United States production. Australian prices for Cheddar cheese were currently around US\$1,600 per metric ton f.o.b. Cheese production had dropped back slightly in 1980 to 144,700 tons as against 149,100 tons in 1979, and the trend was expected to continue in 1981. Cheese exports and imports in 1980 had been slightly above the preceding year's level. The Australian Government had recently considered a report by the Industries Assistance Commission which recommended increases in tariff duties on cheese imported from all sources. In the consideration of this report the Government had decided that the existing tariff duties on cheese would remain unchanged.

18. The representative of Hungary said that cheese production had increased by 3 per cent in 1980 over the preceding year's level, while domestic consumption had continued stable. Exports had been up 11 per cent in 1980. The market for hard and semi-hard cheeses had been under pressure in 1980 and export prices for those types of cheese had decreased as compared to the preceding year. Hungary's cheese exports were expected to continue in 1981 at the same level as in 1980.

19. The representative of South Africa said that production and consumption of cheese in 1980 had been in equilibrium. He estimated that no significant change was expected in 1981. Cheese stocks at the end of 1980 had stood at 8,500 tons, i.e. 800 tons less than at the beginning of the year.

20. The representative of Sweden said that cheese production had reached 100,600 tons in 1980, a level 5,000 tons above that for 1979. Imports had shown a marginal increase to approximately 16,200 tons, as compared with 15,900 tons in 1979. Domestic consumption had increased by about 5 per cent in 1980 over the preceding year's level. It was difficult to forecast consumption trends for 1981 because of the recent increase in cheese prices and the economic situation.

21. The representative of New Zealand suggested that at the next session it might be useful to examine in detail the question of cheese consumption, and in particular the breakdown of consumption by cheese varieties in each participating country.

22. The representative of the European Economic Community supported the New Zealand proposal and suggested that the examination might also include measures taken by participants to promote cheese consumption.

23. The Committee agreed to discuss in detail at its next session, in particular, the question of cheese consumption.

Other business

Report to the Council

24. The Committee agreed that an oral report on discussions at the current session would be presented to the Council.

Date of the next session

25. The Committee decided to hold its next regular session on 19 June 1981, subject to confirmation by the secretariat.