

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Limited Distribution

Committee on Trade and Development

TROPICAL PRODUCTS - ACTION IN OTHER INTERNATIONAL ORGANIZATIONS

Note by the Secretariat

1. In giving preliminary consideration to future work in the Special Group on Trade in Tropical Products, the Committee on Trade and Development, at its March meeting, suggested that the Special Group should review work being carried on elsewhere to avoid duplication. With respect to those tropical products to be given priority consideration, recent activities in other international bodies are summarized in the following paragraphs.

COFFEE

2. International Coffee Agreement 1968. The International Coffee Organization has been giving a great deal of attention to the upward trend in coffee prices which has occurred in recent months. By March 1970 market prices for selected varieties of coffee were approximately 30 per cent above the ceiling prices specified under the terms of the agreement. At the March 1970 meeting of the International Coffee Council, consuming countries proposed that because market prices continued to operate above the agreed ceiling levels, more coffee should be released on to the market to stabilize the situation. Producer countries, on the other hand, considered that there was sufficient coffee available to meet market needs¹ and that the apparent shortage was due to the building up of stocks by consumers rather than an increase in demand for immediate consumption. No agreement was reached on the consumer proposal.

3. Coffee has been included in the illustrative offer list of one country in connexion with the generalized scheme of preferences for developing countries currently under consideration in UNCTAD.

¹Resolution 216 of the International Coffee Council empowers the Executive Director to release, by the issue of export stamps, specified quantities of coffee on to the market when the composite daily price remains above the agreed level for a certain time period. This provision has been utilized during the period of higher prices.

COCOA

4. A Technical Preparatory Meeting on Cocoa was convened by UNCTAD in June 1969 to review certain articles of the draft International Cocoa Agreement. The meeting requested the Secretary-General of UNCTAD to undertake further consultations with individual producing and consuming countries to establish whether a sufficient measure of agreement could be expected before arranging further intergovernmental consultations. In this connexion, a meeting on cocoa has been scheduled for June 1970 to which the Secretary-General will report on his consultations with governments.

5. The Cocoa Producers Alliance, consisting of major producing countries, met in October 1969 and again in March 1970 when further consideration was given to some of the main elements of an International Cocoa Agreement. Other issues discussed included obstacles to trade and consumption and the problems of processed cocoa.

6. Cocoa and cocoa products are included in the illustrative offer lists of some countries in connexion with the generalized scheme of preferences for developing countries currently under consideration in UNCTAD.

TEA

7. Following consideration of the serious problems confronting international trade in tea by a meeting of the Food and Agriculture Organization ad hoc Consultation on Tea in January 1969, a Consultative Committee on Tea was established by the FAO Committee on Commodity Problems in October 1969. At its first meeting in December 1969, the Committee endorsed an interim arrangement for 1970 agreed to at an earlier meeting of tea exporting countries. This arrangement provides for the removal of some 90 million pounds of black tea from the export market under an export quota scheme with the objective of holding tea prices as near as possible to the 1968 levels.

8. The Consultative Committee also established a Working Party on Long-Term Measures to make recommendations regarding long-term international action and to consider long-term international co-operation to achieve prices equitable to consumers and remunerative to producers. The Working Party held its first meeting in April 1970 when it considered ways of making progress towards a long-term arrangement. It decided to recommend to the Consultative Committee, which is to meet later this year, the appointment of conciliators to reconcile questions arising among exporting countries concerning export quotas which might be included in an international tea agreement.

9. Duties and taxes affecting tea were considered by the January 1969 ad hoc Consultation on Tea. The meeting noted the progress that had been made in eliminating quantitative restrictions on tea and hoped that the remaining restrictions would soon be removed. It also noted that many countries had abolished

import duties on bulk tea, but had retained duties on packaged tea and instant tea. Exporting countries urged that duties on these products should be reconsidered. Moreover, internal taxes in several countries were still considered too high by producing countries.

10. With regard to the generalized scheme of preferences for developing countries under consideration in UNCTAD, one country has included tea in separate packs not containing more than 3 kgs. in her illustrative offer lists.

VEGETABLE OILS AND OILSEEDS¹

11. Special Session of the Study Group on Oilseeds, Oils and Fats. The Special Session of the Study Group, jointly serviced by the Secretariats of FAO and UNCTAD, met in London during January/February 1970 to undertake further consultations in accordance with UNCTAD Resolution 16(II)c and to the extent possible, to make practical proposals for short-term action and long-term measures for inter-governmental arrangements, as well as to consider whether any additional continuing machinery is required.

12. The Study Group recommended that its name should be changed to "Intergovernmental Consultative Committee on Oilseeds, Oils and Fats" and that it be provided with comprehensive statistics collected and analyzed by a Statistical Sub-Committee to be specially set up for this purpose. The purpose of the Consultative Committee would be, inter alia, to identify specific problems calling for short-term action and in the light of measures already being taken or envisaged for dealing with these problems, make recommendations, if necessary, for the co-ordination of such measures and for additional informal short-term measures which might be taken. Long-term measures, which had been identified at earlier sessions of the Group as calling for special attention, were referred to the Consultative Committee for further consideration.

13. The Group also recommended that the FAO Committee on Commodity Problems and the UNCTAD Committee on Commodities consider changing the status of the Intergovernmental Consultative Committee on Oilseeds, Oils and Fats into a joint FAO/UNCTAD body.

14. With regard to the generalized scheme of preferences for developing countries currently under consideration in UNCTAD some countries have included certain vegetable oils in their illustrative offer lists for preferential treatment.

BANANAS

15. FAO Study Group on Bananas. The third session of the Committee on Statistics of the FAO Study Group on Bananas was held in April 1970. The main task of the Committee was to establish trade figures for 1969, forecasts for 1970 and to consider the current banana situation. During the session the FAO Secretariat reported on progress made on the review of "all economic aspects of production, trade and distribution of bananas" which it had been requested to undertake by

¹The Committee on Trade and Development, at its March meeting, agreed that the Special Group would not take up the problems affecting vegetable oils and oilseeds before the matter had been considered by the relevant Working Group of the Committee on Agriculture.

the third session of the Banana Study Group in April 1969. The study of diversification possibilities in banana producing countries had been deferred because of the limited interest shown by both exporting and importing countries. However, the FAO Secretariat is preparing notes on national diversification programmes, to the extent that they exist, in the country studies being undertaken for the general review.

16. In connexion with the generalized scheme of preferences for developing countries under consideration in UNCTAD, bananas have been included in the illustrative offer list of one country.

SPICES

17. FAO Committee on Commodity Problems. At the forty-fourth session of the FAO Committee on Commodity Problems in September/October 1969, consideration was given to an FAO Secretariat paper concerning pepper which contained a wider statistical coverage of the commodity as a result of field surveys, and a more complete analysis of its problems. Delegates of producing countries affirmed their support in principle for an international arrangement designed to secure a more stable market for pepper. The Committee agreed that the Secretariat should continue its studies on pepper and give what assistance it could to producing countries in their efforts to improve statistics and work out proposals for stabilizing the market.

18. Certain spices have been included in the illustrative offer lists of some countries in connexion with the generalized scheme of preferences for developing countries currently under consideration in UNCTAD.

NATURAL RUBBER

19. UNCTAD Permanent Group on Synthetics and Substitutes. Tariff and non-tariff barriers to trade in raw, semi-processed and improved forms of natural rubber were considered at the second and third sessions of the Permanent Group in 1968 and 1969. In its recommendations, the Group reiterated the need for the complete and speedy elimination of such barriers. The Group also requested the UNCTAD Secretariat to co-operate with the Customs Co-operation Council and other appropriate international organizations on a consultative basis with respect to the reclassification of Chapters 39 and 40 of the Brussels Tariff Nomenclature. Countries members of UNCTAD and in particular those members of the Customs Co-operation Council working on the revision of Chapters 39 and 40 of the BTN were urged to bear in mind the desirability of ensuring fair and equitable treatment for new and improved forms of natural rubber.

20. Since the third session, the UNCTAD Secretariat has been consulting with the Customs Co-operation Council in connexion with the above recommendation and will report on developments to the fourth session of the Permanent Group which is scheduled to meet on 29 June 1970.

21. UNCTAD Special Committee on Preferences. At the fourth session of the Special Committee in March/April 1970, intensive consultations took place on the illustrative offers submitted by the prospective donor countries. Concerning product coverage, developing countries requested that primary commodities (including processed and semi-processed products) as well as manufactures and semi-manufactures contained in Chapters 25-99 of the BTN be included in the scheme of preferences. Some natural rubber producing countries requested that improved forms of natural rubber, including crumb rubber, which are covered by Chapters 39 and 40 of the BTN be specifically included in the offers made by all donor countries.