

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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REPORT OF THE  
WORKING PARTY ON THE ASSOCIATION OF OVERSEAS TERRITORIES  
WITH THE EUROPEAN ECONOMIC COMMUNITY

REPORT ON OILSEEDS AND VEGETABLE OILS

INTRODUCTION

WORLD TRADE IN OILS AND FATS

1. World trade in oils and fats is highly complex. Many oils and fats enter international trade and serve a variety of purposes. The main groups are those used primarily in edible products (e.g. groundnut oil, olive oil, soya bean oil, butter and lard), the products used both for consumption and for soap manufacture (e.g. coconut oil, palm kernel oil), the hard vegetable oils and marine animal oils which are used primarily for soap manufacture and certain industrial purposes, though partly for consumption, (e.g. palm oil and whale oil) and the industrial and drying oils used in paints, lubricants, etc. (e.g. linseed oil, castor oil and tung oil).

2. The following table gives the world exports of these main groups of oils (average 1952-55):

Table I

	<u>1000 metric tons</u> <u>oil equivalent</u>
<u>Soft edible oils and fats</u>	
Butter and lard	650
Groundnuts and oil	650
Other edible soft vegetable <sup>1</sup> oils	800
<u>Oils for food and soap</u>	
Copra and coconut oil	1,200
Palm kernels and oil	400
<u>Hard vegetable and marine oils</u>	
Palm oil	575
Marine oils <sup>2</sup>	550
<u>Non-edible oils</u>	
Industrial drying oils <sup>3</sup>	550
Tallow and fats	600
Total	<u>5,975 (say 6,000)</u>

3. It is understood that all the vegetable oilseeds included in the above list will be admitted duty free into the Community. Several vegetable and animal oils appear in List G and will be negotiated between the Member States.

<sup>1</sup> Of which soya bean 300, cottonseed 245, olive oil 80, colza 70, sunflower 35, miscellaneous 65.

<sup>2</sup> Of which whale oil 400, other fish oils 150.

<sup>3</sup> Of which linseed 375, castor 115, tung 45, other industrial drying oils 15.

Source: Oilseeds, OEEC, October 1957.

4. So far as the associated overseas territories are concerned the oilseeds and vegetable oils of greatest importance in their export trade are:

1. Groundnuts and groundnut oil.
2. Copra and coconut oil.
3. Palm kernels and palm kernel oil.
4. Palm oil.

As seen from Table I these four items account for nearly one half of world exports of the main groups of oils.

5. The information supplied by the Six related only to these four items so that the Working Party only had an opportunity to examine these items in any detail. The Working Party recognized, however, that the problems involved wider questions of trade than the four items listed in paragraph 4 above. It is proposed below by the representatives of producing countries other than the Six that an opportunity should be provided to examine the question in respect of all vegetable oils when the common tariff on these items has been fixed.

PART ONE

THE FACTUAL POSITION UNDER THE TREATY OF ROME

6. The detailed information furnished by the Six concerning oilseeds and vegetable oils is reproduced in Table A appended to this Report.<sup>1</sup> Information was submitted only on those oilseeds and vegetable oils which are of the most importance in the export trade of the A.O.T's, namely:

- (i) groundnuts and groundnut oil;
- (ii) copra and coconut oil;
- (iii) palm kernels and palm kernel oil;
- (iv) palm oil.

The following are the salient features noted by the Working Party and any discussion of these matters is reported in Part Three or in the Working Party's main Report (L/805).

Present Import Duties of the Six

a. Oilseeds

7. All imports of oilseeds are admitted duty free into the Benelux and the Federal Republic of Germany. In France imports from the French overseas territories are duty free, but there is a 10 per cent duty applied to imports from third countries. In the case of groundnuts, however, this legal duty had been suspended. In Italy there is an 8 per cent duty on groundnuts, which does not apply to imports from Libya. Imports of copra and palm nuts and palm kernels in Italy are duty free.

b. Vegetable oils (crude)

8. The Benelux has a legal import tariff of 5 per cent and, with the exception of palm oil which was duty free, this was being applied to all imports. The legal tariff in the Federal Republic of Germany is 6 per cent but in fact a tariff of 5 per cent is being applied and, where imports are for industrial uses they are admitted duty free. All imports of vegetable oils into France from its overseas territories are duty free. The legal import tariff for oils is 18 per cent, except for oils of linseed, palm, sheanuts, coconuts and palm kernels for which the duty is 15 per cent. These legal tariffs are being applied to imports from third countries except in the case of palm oil and palm kernel oil where they are suspended. In Italy the legal import tariff for groundnut oil is 25 per cent and 10 per cent for coconut oil and palm kernel oil; imports of palm oil are duty free. However, the duties effectively levied on groundnut oil and palm kernel oil are 18 per cent and 9 per cent respectively.

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<sup>1</sup> The abbreviations used in the Table are explained in Annex C to the main Report (L/805/Rev.1).

9. A rough arithmetical average of the duties actually levied, taking no account of free entry for industrial uses in the Federal Republic of Germany, would give a result of 6 - 7 per cent.

#### The Establishment of the Common Tariff

##### a. Oilseeds

10. Oilseeds appear in List F and the rate of the common external tariff of the Community has been fixed at zero.

##### b. Vegetable Oils

11. Vegetable oils are included in List G and the level of the common external tariff is therefore subject to negotiation between the Member States.

#### Quantitative Restrictions

##### a. Oilseeds

12. No restrictions are applied by the Federal Republic of Germany on imports of oilseeds. The Benelux countries maintain an import licensing system but issue licences freely. Italy imposes quantitative restrictions on imports of groundnuts and palm kernels from the dollar area, and imports of any oilseeds intended for the production of edible oils are conditional on the purchase of certain quantities (which can be varied) of oil from government stocks. In addition there are internal processing taxes on oilseed crushing. These controls are operated mainly in the interests of internal producers of olive oil.

13. France applies quantitative restrictions on imports not originating in its overseas territories. Moreover, in France groundnuts are bought by a centralized purchasing agency, SIOFA, which takes no supplies from third countries until all the availabilities of the French overseas territories have first been absorbed. At present the guaranteed market at fixed prices for groundnuts originating in the overseas territories is 300,000 tons oil equivalent which is about equal to total production in the overseas territories. The "jumelage" system by which importers were allowed to import copra and palm kernels from third countries free of duty provided they purchased a proportionate amount from the franc zone was suspended in 1957 from which time all imports from third countries pay the full duty.

14. Oilseed crushers in the Federal Republic of Germany are required to purchase a certain proportion of rapeseed in relation to their purchases of other oilseeds. This has the effect of maintaining the prices of rapeseed to internal producers.

b. Vegetable oils

15. The Benelux countries maintain an import licensing system, but licences are issued freely. France applies quantitative restrictions on imports not originating in its overseas territories. Imports of vegetable oils for industrial uses and from non-dollar sources have been liberalized by the Federal Republic of Germany. Italy applies quantitative restrictions on imports from the dollar area and certain specified countries; imports from other countries are liberalized. As in the case of oilseeds, imports into Italy of vegetable oils intended for human consumption are conditional on the purchase of oil from government stocks.

16. In France, the present market organization, which will remain in existence until 31 December 1959, guarantees a market for approximately 100,000 tons of olive oil originating in the franc zone and principally in Tunisia and Algeria.

The Agricultural Provisions of the Treaty

17. Both oilseeds and vegetable oils are included in Annex II of the Treaty. The provisions of Articles 39 to 46 of the Treaty could therefore be applied.

PART TWOBACKGROUND INFORMATION ON TRADE AND TRADE PATTERNS OF  
OILSEEDS AND VEGETABLE OILSGeneral

18. The kinds of oilseeds and vegetable oils considered<sup>1</sup> in this report account for an important part, i.e. about 44 per cent in terms of oil, of all international trade in fats and oils.

19. These products are of particular importance to the economies of a number of under-developed primary producing countries in the tropics, as is indicated by the following figures:

Value of exports of certain kinds of vegetable oils and oilseeds and  
as percentage of countries' total exports

	1955		1956	
	Value \$ million	Per cent	Value \$ million	Per cent
1. <u>Associated Overseas Territories</u>				
French West Africa	97	32	130	38
French Equatorial Africa	3	4	4	5
French Cameroons	4	5	4	6
New Hebrides		79		81
Belgian Congo	40	9	49	9
2. <u>Other GATT countries and territories</u>				
India	39	3	..	
Indonesia	84	9	88	10
Malaya	20	5	24	5
Ceylon	24	6	21	6
United Kingdom Dependencies				
Nigeria	164	34	188	51
Sierra Leone	7	25	7	21
Gambia	7	98	8	99
Uganda	1	1	1	1
Tanganyika	1	2	3	3
Zanzibar	2	13	2	14
British North Borneo	4	14	7	19
Fiji	7	28	6	29
Tonga	4	90	3	86
Singapore	21	3	20	2
Union of South Africa	14	2	19	2
Western Samoa	3	46	2	45

<sup>1</sup> Groundnuts and groundnut oil, copra and coconut oil, palm kernels and palm kernel oil, palm oil.

	1955		1956	
	Value \$ million	Per cent	Value \$ million	Per cent
3. <u>Other countries</u>				
Philippines	152	39	176	40
Sudan	22	15	31	16

Sources: Statistical Abstract, The Commonwealth and the Sterling Area;  
IMF, International Financial Statistics; Ministère de la  
France d'outre-mer, Bulletin Mensuel de Statistique d'outre-mer.

20. Many of these countries therefore rely heavily for the health of their economies on the maintenance of reasonably high and stable prices for oilseeds and vegetable oils, which depend in turn on the existence of expanding markets for these products. The countries represented in the GATT of whom this is especially true are Nigeria, Gambia, Indonesia, Ceylon, India, the Federation of Malaya, and United Kingdom dependent territories in the Pacific. Oilseeds and vegetable oils are also important to the following non-members of the GATT: Sudan and the Philippines.

21. The Six Member States of the Community form the most important import market in the world for oilseeds and vegetable oils. They take almost a third of world imports of all oils and fats (i.e. somewhat over 2 million tons out of 6½-7 million tons) and a somewhat higher proportion of vegetable oils and oilseeds. As a comparison the United Kingdom takes about 20 per cent of world imports of all oils and fats while the whole American continent, being more reliant on home production, only takes about 15 per cent.

22. Of even greater significance, however, is that the Six consume a large part of the exports of those oilseeds and vegetable oils which are of particular importance to tropical producers, namely groundnuts and groundnut oil, palm oil, palm kernels and palm kernel oil and, only to a lesser extent, copra and coconut oil. This is shown in the following table:

Imports in 1956  
('000 metric tons oil equivalent)

<u>Commodity</u>	<u>World Imports</u>	<u>The Six</u>	<u>Per cent of total</u>
Groundnuts and oil	750	422	56
Palm oil	560	228	41
Palm kernels and oil	400	180	45
Copra and coconut oil	1,272	392	31
(1955)			
Total (rounded)	<u>3,000</u>	<u>1,250</u>	<u>42</u>

This table indicates that the Six account for approximately one half of world imports of groundnuts and groundnut oil, palm oil and palm kernels and palm kernel oil and for about one-third of world imports of copra and coconut oil. And these products between them cover almost two-thirds of world exports of all oilseeds and vegetable oils and are also the most important oilseeds for tropical under-developed exporting countries. The United Kingdom is the next largest importer of groundnuts and oil, palm oil and palm kernel oil taking the following percentages of world imports of these three items: 21 per cent, 37 per cent and 35 per cent.

23. Imports into the Six of all these products have been rising fairly rapidly in recent years, but they have not in general increased so substantially as in the years immediately preceding the war. The pattern of the import and export trade in these products is shown in Tables B1 - B6 annexed to this Report. The consumption of these tropical oils in the Six as a whole has been increasing over the last six or seven years by about 8 to 10 per cent per annum and that of all oils and fats by about 7 per cent per annum. This increase has, however, started from a relatively low post-war level and does not represent such a substantial increase over pre-war consumption.

24. The Associated Territories of the Six exported in 1956 about 240,000 tons of groundnuts and oil (about 32 per cent of world exports), 176,000 tons of palm oil (31 per cent of world exports), 118,000 tons of palm kernels and oil (30 per cent of world exports) and 40,000 tons of copra and coconut oil (3 per cent of world exports). Of these totals about 95 per cent of groundnuts went to markets in the Six (overwhelmingly from French territories to France), 80 per cent of palm oil, 75 per cent of palm kernels and oil and 80 per cent of copra and coconut oil.

25. By far the largest part of the groundnut exports of the A.O.T's come from French territories in Africa, mainly French West Africa and only about 8,000 tons are exported from the Belgian Congo. In the case of copra and coconut oil the greater part comes from French territories in the Pacific, and the Condominium of the New-Hebrides. For palm oil the Belgian Congo accounts for about 85 per cent (150,000 tons) of the A.O.T. exports, the rest coming from French territories in Africa. For palm kernels and oil just over a half comes from the Congo (mainly in the form of oil) and the rest from French African territories (mostly kernels).

26. Apart from the A.O.T's of the Six the main exporters of groundnuts and groundnut oil are now the United Kingdom dependencies (mainly Nigeria and Gambia) and India (the latter almost entirely in the form of oil). World groundnut exports are about a third lower than before the war, mainly owing to the very large fall in exports from India, but both the A.O.T's and Nigeria have increased their exports substantially. In contrast to groundnuts world exports of copra and coconut oil are about a fifth higher than before the war. About half the world's exports come from the Philippines, an increase of 50 per cent over pre-war. The exports of Indonesia, the second largest exporter, have, however, declined. The exports of other countries, mainly Ceylon, and

the British, French and Australian territories in the Pacific have changed very little since before the war. In the case of palm oil the largest exporters are Nigeria, the Belgian Congo, Indonesia, Malaya and the French A.O.T's in that order. World exports are about a quarter higher than pre-war due to large increases in Nigeria and the Congo, partly offset by a fall in exports from Indonesia. Finally, in the case of palm kernels and oil, Nigeria is again the world's largest exporter followed by the Belgian Congo, the French African territories, Sierra Leone, Indonesia, the Portuguese territories and Liberia in that order. About 85 per cent of the world's exports come from Nigeria, Sierra Leone, the Belgian Congo and the French African territories and world exports have again risen by about 20 to 25 per cent, the increase coming entirely from Nigeria and the Congo.

27. The general pattern of the import trade of the Six Member countries in recent years was that between 53 and 60 per cent of imports of groundnuts and oil, palm oil and palm kernels and oil came from the A.O.T's. The proportion was only 10 per cent in the case of copra and coconut oil, which arises from the fact that by far the most important of the A.O.T's are situated in, or close to, Africa which is not a great coconut producing continent.

#### Varieties

28. There are a number of different varieties of almost all oilseeds and research is in many cases going on to develop superior and more productive varieties. An example is the dwarf coconut tree which is now being planted in larger numbers, particularly in Ceylon. The quality of oilseeds produced is also influenced by the methods of cultivation used e.g. the wild oil palm and coconut tree are very different from the types grown on plantations. Insofar as differences in variety lead to variations in the quality of the oil produced they can command different prices. But in practice a more important influence affecting quality is the method of preparation of the oilseed before crushing and the method adopted for extraction of the oil. This is particularly so in the case of copra where variations in quality are due more to the methods of drying used than to inherent differences in the quality of the nuts. Likewise the quality of palm oil produced in e.g. Nigeria from wild palms has been increased considerably in recent years by the use of more efficient extracting methods.

#### Substitutes

29. As already indicated in paragraph 1 of this Report, almost all oils and fats are, to a greater or less extent, substitutable for each other in many uses and this is reflected in their price structures. Thus a shortage of olive oil will not only lead to a rise in its price but will increase the demand for groundnut oil and thus indirectly raise the price of groundnuts. And a rise or fall in the price of coconut oil cannot go far before the demand for, and hence the price of, palm kernel oil is also affected. The

following is a more precise account of the classification of oils and fats and of the degree to which they can be substituted one for the other. Vegetable oils are classified as "hard" when they assume solid form under normal pressure and at a temperature of less than 15 degrees centigrade, otherwise they are referred to as "soft". All oils and fats can also be classified according to their uses i.e. those used wholly or mainly for food, those used partly for food and partly for soap-making and drying and industrial oils. Apart from the animal fats (butter, ghee and lard) the oils used mainly for food are generally the soft vegetable oils (olive oil, groundnut oil, soya bean oil, cottonseed oil, sunflower oil and rape seed oil). The hard vegetable oils are used for both food and soap-making as well as in the chemical industry. These consist mainly of palm oil, shea butter, coconut oil, palm kernel oil and babassu oil, the last three of which contain lauric acid and are therefore in demand for fine soap-making. The marine oils (whale oil, seal oil and fish oil) also fall into this category as well as tallow and fats (beef and mutton fat). Finally there are the drying and industrial oils (linseed oil, castor oil, tung oil and oiticica oil) which are rarely, if ever, used for food. The oils in each of these groups are usually in competition, and sometimes in close competition, with other members of the same group although there is also a certain amount of cross competition with some oils in other groups. The prices of oils in close competition with each other tend to move up or down together but, in other cases, a considerable margin has to be established before substitution begins to operate. There is also some substitutability between the end products i.e. butter with margarine, soap with soapless detergents and this can be reflected back on to the prices of individual oils and fats.

#### Semi-manufactured and Manufactured Products

30. Vegetable oils are themselves a semi-manufactured product of oilseeds. The greater part of the vegetable oils consumed in Europe are crushed in crushing mills in the consuming countries but there is now an increasing trend for oilseed producing countries to crush their own oilseeds and to export them in the form of oil. Thus before the war the Six Member countries imported only 14,000 tons of groundnut oil and 18,000 tons of coconut oil, the rest of their consumption being crushed in Europe, whereas in 1956 they imported 177,000 tons of groundnut oil and 94,000 tons of coconut oil. A large part of the production of vegetable oils is also used in the manufacture of other products, mainly margarine, shortening, soap and paints but some is also consumed directly as vegetable oil i.e. as table oils, in confectionery, industrial and lubricating oils etc. There has since the war been a considerable change in the utilization of, for instance, coconut oil, the amount used for soap-making having declined as a consequence of the increased use of synthetic detergents, while the consumption in margarine has increased. There has, as well, been a considerable increase in recent years in the industrial uses of coconut oil, particularly in the United States. There are

also differences in the utilization of vegetable oils between Europe and North America, notably in the manufacture of margarine. In Europe the main oils used are coconut oil, palm oil and groundnut oil, but most margarine in the United States is manufactured from internally produced soya bean and cottonseed oil.

#### Transit and Re-export Trade

31. There is a considerable trade in vegetable oils between consuming countries, mainly the export of refined oils crushed from imported seeds or imported in the form of crude oil. The Netherlands and the United Kingdom, in particular, carry on a good deal of this trade. In addition there is a considerable trade in manufactured products, chiefly soap and margarine. This trade is influenced to a large extent by the dominance of a few firms in the manufacturing field and there has been an increasing tendency in recent years to set up branch factories in a number of countries in order to circumvent tariffs etc. The manufacturing field is, however, extremely complex and, as its relevance to the association of the overseas territories with the Treaty of Rome is only indirect, the Working Party merely took note of the existence of this trade.

#### Future Prospects of World Supply and Demand of Oilseeds and Vegetable Oils

32. In the early post-war years there was a world-wide shortage of oilseeds and vegetable oils which resulted in the establishment of relatively high and rising prices. The result was that, by 1950, the prices of most oilseeds and vegetable oils were anything from three to five times their pre-war level. The Korean boom in 1950/51 produced a considerable further rise in the prices of these products although the increase was not as great as for some other commodities. Between 1950 and 1951 the price of palm oil rose by as much as 45 per cent and groundnuts by about 35 per cent but copra, coconut oil and palm kernels increased by no more than 15 to 20 per cent. As with most other commodities there was a fall in vegetable oil prices in 1952 with the ending of the Korean boom and prices in general tended to establish themselves at a level very little above those prevailing in 1949/50. Since then production has increased in line with consumption and prices were, until 1956/57, for the most part remarkably steady. In the last year or so, however, there has been some sign that production is beginning to outstrip consumption and there has, in consequence, been a renewed tendency towards a fall in prices although, once again, the movement has not been as great as is the case for some other commodities. Prices of soft oils have declined because of an abundant harvest of groundnuts; prices of hard oils, on the other hand, have remained firm mainly owing to fortuitous events.

33. It is possible that in the short term there will be a tendency for the supply of oilseeds and vegetable oils to outstrip demand. However, as the demand for vegetable oils is very largely for food and other consumption, it is not expected that final demand will fall.

34. In the somewhat longer run the normal rise in national incomes in the industrialized countries should lead to a continuing increase in the demand for oilseeds and vegetable oils. There is evidence in North America, however, of a limit to the growth in consumption per head of these products with rising incomes and it would appear that this limit has now been reached with a consumption of about 30 kilograms per head per annum. Consumption in Western Europe at the moment is about 24 kilograms per head and it would therefore seem that some expansion was possible. On the other hand consumption per head in Europe has been rising relatively rapidly in the last few years with the ending of the post-war shortage and it was impossible to know how much this increase would go on. In other parts of the world it is probable that increases in incomes will result in relatively larger increases in the consumption of fats and oils. The rate at which their incomes do increase will, however, depend to a very large extent on their general economic development.

35. Thus, over the next twenty years it is not expected that the consumption of fats and oils will increase very rapidly in North America and Western Europe and further large rises in consumption will therefore depend mainly on the growth of incomes in other less developed areas. There is no reason to suppose that the production of fats and oils will not continue to increase at at least the same rate as during the last decade as long as there is a reasonable prospect of an equivalent growth in demand. It should be added, however, that speculations about the world market in twenty years' time are particularly hazardous in the case of fats and oils. Whereas for many years in the past each fat had its own particular use and its own specific characteristics, the recent development of new processes such as hydrogenation, refining and deodorization and the multiplication of their use have made it possible to increase the substitutability of fats to a very large extent. Development in the chemical field is continuing and even accelerating.

PART THREE

THE SHORT AND LONG-TERM PROBLEMS WHICH THE ASSOCIATION OF THE A.O.T's  
RAISED FOR THE TRADE OF OTHER CONTRACTING PARTIES TO  
THE GENERAL AGREEMENT

Introduction

36. Representatives of the oil and oilseed producing countries other than the Six<sup>1</sup> pointed out during the discussions that, as noted in paragraph 29 all oils and fats are to a greater or lesser extent substitutable one for the other. The effect of the association of overseas territories with the Community would not, therefore, be confined to those oilseeds and vegetable oils produced in large quantity in those territories. There are a number of other oils and fats produced by the overseas territories themselves, e.g. cotton seed, soya beans, shea nuts, benniseed, and castor seed, so that the trade in these products might be directly affected by the association of these overseas territories with the Community. In addition there will be the indirect effects on other oils and fats which are in competition with the products of the associated overseas territories, e.g. olive oil, rapeseed, whale oil, linseed, sesame, butter and lard. They noted that many countries were interested in the trade of these other items and they recommended that due consideration should be given to these wider implications of the matter under discussion in due course.

37. These representatives stated that the problems for the trade of third countries in respect of oilseeds and vegetable oils arose from two possibilities under the Treaty of Rome:

- (i) so far as oilseeds and vegetable oils were concerned the possibility of applying the agricultural provisions of the Treaty to these products; and
- (ii) so far as vegetable oils are concerned the possibility that a duty higher than zero would be settled by negotiation between the Member States.

38. The case set out below is based on these two hypotheses, but until the position on these two points becomes clear under the Treaty of Rome there must necessarily be an element of uncertainty in the views expressed. They propose, therefore, that if and when a decision is taken to apply the agricultural provisions to oilseeds and vegetable oils and if a duty higher than zero is applied to vegetable oils under the Treaty the CONTRACTING PARTIES should be given a further opportunity to examine the whole issue.

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<sup>1</sup> As used in this report the words "producing countries other than the Six" refer to the following members of the Working Party: Ceylon, India, Indonesia, Federation of Rhodesia and Nyasaland, Norway, Pakistan, Sweden and the United Kingdom.

39. Their reasons for believing that the agricultural provisions of the Treaty would be applied to oilseeds and vegetable oils are given in paragraphs 84-87 below and they considered that if the provisions were so applied they would constitute a non-tariff preference in favour of the oilseeds production of the A.O.T's. Similarly, they considered that if a common tariff higher than zero is applied to vegetable oils, this, combined with the duty-free entry of vegetable oils from the A.O.T's into the whole market of the Six under Article 133(1) of the Treaty, would constitute a protective tariff in favour of the A.O.T's. This would compare with the previous position in 1957 in which there was a preferential margin on behalf of the French overseas territories for all vegetable oils and some oilseeds in France only and similar preferences in Italy for the Italian overseas territories and Libya. There was at that time no preference on behalf of the Belgian and Dutch overseas territories in Benelux. In Germany there were no discriminatory tariffs at all.

### I. The New Tariff Régime

#### A. Effects within the Community and the A.O.T's

##### (1) Effects on price levels in the Community and the A.O.T's

40. Representatives of producing countries other than the Six considered that, although the direct effects on prices of the duty-free entry of oilseeds into the Six as a whole would seem likely to be small, they were almost certain to be overshadowed by the application to oilseeds of the agricultural provisions of the Treaty of Rome. Under free market conditions prices in Germany and the Benelux countries would remain at the world level. In Italy the price of groundnuts would seem likely to fall by about 8 per cent to the whole market level. Similarly, under free market conditions it would be expected that price levels of oilseeds in France, which were at present in many cases appreciably above world levels, would fall, in the absence of the present protective duties, to the world level. However, price levels were maintained in France not primarily by the protective preferential duties, but by managed market arrangements and minimum price provisions. The object of these arrangements was to benefit producers in the French overseas territories. For example, groundnut prices in France were fixed at 20 per cent above world levels and consequently the price to the grower in Senegal was over 40 per cent above the prices received in Gambia. It seemed most improbable to these members of the Working Party that, on political as well as on economic grounds, France would remove the support at present given by it to colonial producers of vegetable oilseeds and oils. Indeed there was likely to be strong pressure to extend these arrangements benefitting the French O.T's throughout the Community by using the agricultural provisions of the Treaty (see paragraphs 88-91 below). Price levels were therefore likely to be maintained in France. There might be similar pressure to maintain prices in Italy, particularly in order to benefit domestic olive oil producers.

41. In the case of vegetable oils much would depend on the level of duty which was finally fixed. These representatives noted that FAO Bulletin No.29 draws attention to the difficult problem of aligning the vegetable oils tariffs of the various members of the Community and especially the major adjustments required in the high tariff countries if a tariff of 5 - 10 per cent were to be adopted. They also carefully examined the statements made by representatives of the Six on this matter during the Working Party discussions. They understood them to say that a 22 per cent duty was much too high, that a 5 per cent duty would be low for an industry such as that of oilseeds extraction, but that the rate would in any case be a "reasonable" one. They for their part, however, could not agree that a protective duty of 5 per cent on vegetable oils was "reasonable" since even a duty at that level, when applied throughout the large market of the Community, would have appreciable price and trade effects. A very low duty would have little effect on prices, but afford some protection for manufacturers of oils in the Community and in the A.O.T's. If, on the other hand, a duty of 5 per cent or higher were imposed, they believed in accordance with their views on the price effects of tariff preference, set out in the Main Report (document L/805) that such a duty would tend to result in prices being established in the Community considerably higher than world prices and that the higher prices would accrue both to the metropolitan crushers and to crushers in the A.O.T's. There was no reason to believe that competition between these crushers would keep prices down to the world level. Once again, however, the eventual prices established might well be influenced by the agricultural provisions of the Treaty if, as was probable, these provisions were also applied to vegetable oils. For example the price of vegetable oils in France had been held substantially above world prices, e.g. as given in the OEEC report, Table B7, page 147, Senegal groundnut oil prices, c.i.f. French ports, was held steady in 1955 at \$514 per metric ton, while Nigerian groundnut oil prices, c.i.f. European ports fluctuated in that year between \$265 and \$333 per metric ton, and South Africa, Belgian Congo and Indian prices fluctuated within a similar range. It seemed probable to them that this 70 per cent price advantage on behalf of the French overseas territories would be retained in future by use of the agricultural provisions of the Treaty.

42. They considered, moreover, that the prices quoted by representatives of the Six to show the great instability of vegetable oilseeds and oil prices were misleading. Prices at particular peaks or troughs during the period being examined did not give a clear picture. Annual averages should be used rather than monthly figures. Examination of the OEEC tables shows that prices for the vegetable oilseeds and oils under consideration had fluctuated between relatively narrow limits even during the Korean boom. In any case the additional prices which the overseas territories would tend to receive as a result of the application of the agricultural provisions of the Treaty and of a duty on vegetable oils would have their effect irrespective of any fluctuations in world market prices and could not be ignored simply because there would also be fluctuations in world prices.

43. The representatives of the Six held the view that the elimination of the duty on imports of oilseeds from all sources would have appreciable effects on price levels in the markets of the Community. During the period 1953-57 imports of groundnuts from third countries into France and Italy had reached an average level of 75,000 tons and 33,000 tons (shelled equivalent) per annum respectively. The corresponding figures of imports of copra and palm kernels in France were 25,000 tons and 10,000 tons respectively. Accordingly a total quantity of imports of some 140,000 tons of oilseeds per year would henceforth be exempted from duties amounting to 8 and 10 per cent. There was no reason to believe that the harmonization of the national policies of the Member States would be achieved by extending the measures now applied by France to the other countries of the Community and that groundnut prices in the markets of the Six might thereby be raised to the level at present obtaining in France.

44. The decision which the Member States would take on the level of the common tariff on vegetable oils could not be prejudged. In the opinion of these representatives all that could be said at this stage was that the duty-free admission of vegetable oils from the A.O.T's and the abolition of the duties on all imports of oilseeds would tend to reduce prices of vegetable oil products in the markets of the Six. Competition between the oil crushing industries of the A.O.T's and that of the Community, where oilmills were running at well below full capacity, would no doubt tend to maintain prices of vegetable oils close to those obtaining on the main markets abroad. In addition the nature itself of the fats and oil industry with its large-scale and highly integrated processing and manufacturing firms made it likely that manufactures would be successful in continuing to obtain their raw materials in the cheapest markets and at the best conditions.

45. Even if a relatively high uniform tariff were established it would have no important repercussions on the price levels of vegetable oils in the A.O.T's. Indeed a tariff advantage, when not accompanied by quantitative restrictions, was never fully nor automatically reflected on prices because importers were able, except in the case of a strong sellers' market, to nullify to an important extent the tariff advantage enjoyed by producers. Furthermore, the formation of a price depended on a very complex set of factors, among which the tariff régime was only a minor one. In the case of tropical fats and oils the main price determinant was the general economic situation. Prices of fats and oils had, in the previous five years, undergone sudden and large variations exceeding in some cases 50 per cent of their value. The price of groundnut oil in India had passed from £94 per long ton, c.i.f. European port, in March 1955 to £155 in August 1957; that of palm oil of the Belgian Congo from Belgian francs 9 per kg. in August 1953 to Belgian francs 13.27 in May 1956. The OEEC study on oilseeds referring to the price fluctuations of these products stated:

"The sensitivity of oilseed prices to changes in the economic outlook is a source of weakness for the countries or territories which are economically dependent on these products, and it affects producers who sometimes rely on them for their sole livelihood;" (Paragraph 54, page 42.)

Where marketing and price stabilization schemes isolated local production from these price fluctuations, producers were not in a position to notice the effects of a small tariff advantage. The representatives of the Six therefore concluded that the repercussions on prices of a reasonable uniform tariff on vegetable oils would be negligible; in relation to the wild fluctuations in world prices, such effects would be imperceptible and afford no incentive to develop production.

(11) Effects on Demand in the Community

46. Representatives of producing countries other than the Six considered that if the effects of the zero duty on oilseeds were allowed to work themselves out fully on prices in the Community there was likely to be some stimulation of demand for these products. However, as prices were likely in fact to be very much affected by the way in which the agricultural provisions of the Treaty were operated and free market prices might not be established (see paragraph 40 above), it was difficult to say what the total effect on demand would be. The agricultural provisions of the Treaty could, however, be used to encourage and even to enforce a preferential demand by crushers in the Community for the oilseeds of the A.O.T's.

47. In the case of vegetable oils there was likely to be a switch in demand in favour of the production of the A.O.T's since the effect of any duty above zero must be to divert demand in the Community's market in favour of A.O.T's exporters of vegetable oils as well as oilseed crushers in the metropolitan countries. The highly efficient buying organizations of the big consumers in Europe would be very quick to take advantage of any price difference, however small. This should enable the A.O.T. crushers to obtain as much of the EEC market as they desire for their products. A switch in demand would, therefore, begin to take effect away from vegetable oils imported from third countries towards the production of the A.O.T's and the metropolitan crushers and this would become steadily more pronounced as the incidence of the tariff increased and production expanded in the A.O.T's and in the metropolitan crushing mills. If the tariff was fixed at a high enough level the substitution might be very large at an early stage. There was much unused capacity in metropolitan crushing mills which it would pay to bring into operation if the protective tariff were sufficiently large.

48. Prices would tend to remain above world levels for as long as the combined output of vegetable oils by metropolitan crushers and the export potential of the A.O.T's was below the total consumption in the Community. If the former total caught up with and overtook the latter there would then be a tendency for the price of the products concerned to fall in the Community towards the world market level. On the other hand, the fall in price for any one product alone was not likely to proceed very far as, owing to the substitutability of one vegetable oil for another in some uses, there would tend to be an increase in consumption of the product whose price was falling at the expense of other products. The preferential demand for A.O.T. products would remain even if prices fell to world levels, so that there would still be discrimination against third countries.

49. There would in future be three sources of supplies of vegetable oils in the markets of the Six:

- (i) vegetable oils expressed by metropolitan crushers from imported oilseeds;
- (ii) vegetable oils imported from the A.O.T's;
- (iii) vegetable oils supplied by third countries.

By adding the present production of each vegetable oil in the Six to the present total exports of the A.O.T's and comparing this combined total with the overall present requirements of the Six for that oil, the residual market in each oil which would be available for third countries could be calculated. This is done for the four oils in the following table, from which it will be seen that a total residual market will remain for third countries of 250,000 tons of these vegetable oils. As production of vegetable oils increases in the Community and the A.O.T's this margin is likely to fall. It will be seen from the table that the market for palm kernel oil is likely to be quickly saturated with preferential supplies. Once this had occurred there would be a tendency for palm kernel oil to be used to replace coconut oil. Similarly, in time the preferential supplies could fill the whole of the groundnut oil market and any surplus would again tend to be used in substitution for coconut oil. Similarly, if the palm oil market becomes over-supplied with the preferred products it will also tend to replace coconut oil. Thus a gradual shift in the demand in the Community away from coconut oil to the oils produced within the preferential market will take place:

Thousand metric tons

	Approx. production of Six from imported seed plus total exports of oil from the A.O.T's	Six's total imports of seeds (oil equivalent) and oils in 1956	Residual for outside suppliers of oils	Six's present imports of vegetable oils from third countries
Groundnut oil	350	430	80	80
Coconut oil	360	460	100	100
Palm oil	175	230	55	85
Palm kernel oil	210	225	15	25

The process of substitution would not end with those vegetable oils but might well extend to other oils imported by the Community from third countries on which duty had, therefore, to be paid, e.g., animal fats, soya bean oil, cottonseed oil, whale oil, rape seed oil.

50. The higher level of prices was likely also to depress demand in the Community for vegetable oils and products made from them and this would accentuate the switch in demand away from vegetable oils imported from third countries. The influence of this latter factor was, however, not likely to be large.

51. There has in recent years been a considerable increase in demand for vegetable oils in the Six, but representatives of producing countries other than the Six did not consider that this was likely to continue at the same rate in the future. Evidence from the United States seemed to indicate that there was a limit to the increase in oil consumption with higher living standards and this experience was likely to be repeated in Europe. As an example the widespread use of synthetic detergents in the United States and the United Kingdom had led to a considerable fall in the demand for vegetable oils for soap-making. Synthetic detergents were now being increasingly used in the Six and it was expected that their consumption would increase rapidly in coming years. These representatives drew attention to the opinion of the foremost expert in the world on vegetable oil markets who considered that the growth of demand was already levelling off in Europe and that this was likely to continue. Moreover, FAO Bulletin No. 29 had stated (page 12):

"Higher employment and incomes in the Six are not likely to lead to comparable increases in the total demand for fats and oils, although present annual use for all purposes is considerably lower than in the United States (about 24 kg. per person compared with around 30 kg.). The rate of increase in per caput consumption for food uses in Western Europe has slackened now that pre-war levels have been regained, while new raw materials for the detergent and paint industries have weakened the market for soap and drying oils. Probably the most significant changes will be within the present pattern of consumption, reflecting any changes in relative prices (duty paid) when the common tariffs are negotiated, particularly in relation to butter, olive oil, and lard prices."

The increases in consumption in the A.O.T's themselves quoted by the representatives of the Six were not true net increases in consumption of vegetable oils, but mainly a switch from either crude domestic or imported products to the local-factory made articles. In their opinion therefore there were no grounds for considering that consumption would increase to offset the switch in demand described above away from third country suppliers of vegetable oils and towards the products of the A.O.T's and the metropolitan crushers.

52. Finally, to the extent that demand was switched towards the products of the metropolitan crushers the Community's demand for oilseeds would also increase. For the reasons stated in paragraphs 72 - 75 below this was likely to be satisfied on an increasing scale by the A.O.T.'s as time went on, but nevertheless some part of the demand might, at first, accrue to the oilseeds exported from third countries. The effect of a duty on vegetable oils on trade patterns (in a free market) would, therefore, be a steady decline in the demand for vegetable oils from third countries with this being partially offset by an increase in demand for oilseeds. It was not certain, however, that the increased demand for oilseeds would be directed towards the same countries (or the same products) as were losing their markets for vegetable oils. In any case it was no compensation for the third countries losing sales of vegetable oils to gain a market for oilseeds since this would run counter to the general world tendency for producers of oilseeds to undertake their own crushing and export their products in the form of oil and was likely therefore to be damaging to their economies.

53. The representatives of the Six noted that the elimination of duties on oilseeds constituted, ceteris paribus, an element which would tend to reduce prices, and accordingly to increase consumption. The same effects could be expected from the duty-free entry of vegetable oils produced in the A.O.T.'s. Apart from the incentive of a lowering of the price of oilseeds and vegetable oils in the markets of the Community, consumption would likewise be encouraged by the increase of effective demand resulting from economic integration of the economies of the Six. The growth in population and rise in income had since the war rapidly stimulated the use of fats and oil in the Six and would no doubt continue to do so. In recent years imports by the Member States of oilseeds and vegetable oils (groundnuts, copra, palm oil, palm kernels, oil equivalent) had expanded at an annual average rate of approximately 8 per cent. Based on oil equivalents, imports had increased as follows:

1953	1,050,000 tons
1954	1,200,000 tons
1955	1,230,000 tons
1956	1,320,000 tons

The deficit of Europe in edible vegetable oils and fats was largely concentrated on fats and oils of tropical origin, the main use of which was margarine. Of an approximate deficit of one million tons (oil equivalent), 650,000 tons were imported from third countries. Of this amount 280,000 tons were imported in the form of oil and 370,000 tons (oil equivalent) in the form of seeds. Consumption of margarine in the Six had from 1950 to 1954 increased at an average annual rate of 7 per cent.<sup>1</sup> The rate of expansion

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<sup>1</sup> See OEEC, Oilseeds, p. 61.

had been maintained after 1954. In the Federal Republic of Germany margarine consumption had risen from 635,000 tons in 1954/55 to 661,000 tons in 1955/56, while the percentage of incorporation of vegetable oils had passed from 73 per cent to 84 per cent. In Belgium, the Netherlands and France, consumption of margarine between 1954 and 1956 had increased by 7 per cent, 5.6 per cent and 12 per cent respectively.

54. The present use of fats and oils for all purposes in the Six was still considerably lower than that of the United States where a high level of consumption obtained notwithstanding the wide use of synthetic detergents (less than 25 kg. per person as compared with approximately 30 kg.). It was generally estimated that optimum per capita consumption of fats and oils could attain 90 kg. per year. Accordingly, additional requirements of the Six might, on the basis of present population (160 million), total 800,000 tons of fats and oils per annum.

55. It had moreover to be borne in mind that consumption in the A.O.T's was expanding rapidly because of increasing population and rising standards of living. The association of the overseas territories with the Community would no doubt accelerate this trend. In the French and Belgian A.O.T's production of oilseeds in 1950/56 had increased by an estimated 130,000 tons (oil equivalent), whereas exports had risen by only 90,000 tons. In studying trends of exports of palm oil and palm kernel oil from A.O.T's (including British and Portuguese territories) the OEEC publication stated: "Since the war, however, marketed output retained in the producing countries has increased considerably in volume (over four times) and also as a percentage of total output (more than three times). This change is due, in the first place, to the development, in certain areas, of processing industries which supply an expanding local market." (Paragraph 45, page 242.) "Whereas before the war there was no consumption of palm kernel oil in the producing countries, there are now signs that, wherever oil mills have been established, it is being used to make soap and margarine. Although the scale of such production is still small, it seems likely to develop." (Paragraph 49, page 244.)

(iii) Effects on production in the A.O.T's

56. As oilseeds were to be admitted duty free into the Community there would be no tariff preference tending to stimulate production in the A.O.T's over and above the increases that were already likely to take place. Representatives of producing countries other than the Six, however, held the view that the agricultural provisions of the Treaty were likely to be operated in a way which would guarantee a market for total A.O.T's production. The price paid might be the world price but it was also likely that A.O.T. producers would insist upon guarantees of a reasonably remunerative price. A guaranteed market even at world prices would constitute a strong and permanent incentive to increased production, while an added assurance of a reasonable return would further stimulate production.

57. In recent years total exports of groundnuts and groundnut oil from the A.O.T's had been equal to about 60 per cent of the Six's needs, of copra and coconut oil somewhat over 10 per cent and of palm oil and palm kernels and oil about 70 per cent. The greater proportion of groundnuts had been exported from the French territories. In the last few years production of groundnuts in the French territories had been roughly equivalent to the needs of the franc area so there had not been much incentive to increase production. However, with the much larger guaranteed market in the Six as a whole, there would be a much greater stimulus to increase the production of groundnuts. The views, expressed by the French delegation that production would from now on increase only slowly, were in the opinion of these representatives too pessimistic. Adequate land should be available in French West and Equatorial Africa for a considerable increase in acreage as had proved to be the case in the neighbouring territory of Nigeria. The steadily increasing population and present under-employment should yield sufficient reserves of labour. There should also be considerable scope for increasing yields per acre by the more widespread adoption of modern mechanical techniques of cultivation and the use of new higher yielding planting material. Finally, by the admission to the Community of large capital exporting countries like the Federal Republic of Germany and the Netherlands much greater supplies of capital should be made available for developing new producing areas and transport facilities than had hitherto been provided from French sources and the establishment of the \$500 million investment fund seemed to be the first step in this direction.

58. The experience of Nigeria, which had more than doubled its exports of groundnuts since before the war, could easily be achieved in the French territories in Africa given the necessary stimulus. The OEEC Report quoted a new four-year French plan to increase exports by one-sixth by 1957-58, the greatest rate of increase being in the territories where groundnuts had only recently been established. It also noted that the main effort in Senegal was concentrated in new land to the South of the territory where good yields might be obtained without damage to the soil. The Belgian Congo authorities also encouraged groundnut production though, so far, primarily for local consumption.

59. Representatives of producing countries other than the Six considered that there was not such scope for the immediate increase in production of copra and coconut oil in the A.O.T's as there was for increasing groundnut production. Nevertheless, as stressed by the OEEC in their publication "Oilseeds" (paragraph 109, page 200), in the shorter run output could be increased substantially by improved and more systematic methods of picking provided the producer was given an adequate incentive. The larger guaranteed market and higher prices likely to result from the Common Market would provide this stimulus. Moreover, they considered that in the long term there was scope for increasing production in this field given the right incentives. New higher yielding and quicker yielding varieties of tree were now being produced on coconut research stations and replanting with these varieties in the near future could produce substantial increases in production in fifteen to twenty years. Such action would do much for the economies of territories in the Pacific which were greatly dependent on the coconut for their prosperity. The OEEC Report stated that it is anticipated there will be an increase of something like 10,000 tons in copra production in 1957/58 over 1954/55 in the French territories (i.e., one-sixth) following the development of plantations in the Comoro Islands and anti-pest measures in Oceania (paragraph 112, page 201).

60. With regard to palm oil and palm kernels (the production of which must be considered together since they come from the same plant) these representatives drew attention to the OEEC publication which said:

"The oil palm is the plant which gives the highest yield in fats per acre. It is unaffected by the expansion of annual food or export crops. Its yield, which continues throughout the year, is less affected by fluctuations attributable to weather conditions. On the other hand, the elasticity of supply seems relatively great, especially in countries where the crop consists of wild fruit, and the expansion of production appears to require the stabilization, if not improvement, of the real income of the producers within the framework of the local economy.

"In conclusion, of all the tropical oilseeds of world significance obtained from the overseas territories, it is the oil palm which seems capable of the biggest increase in production on competitive terms without adverse effects on the diversification of the local economies. The healthy expansion of palm oil and palm kernel production would be considerably encouraged if still under-developed producing territories, with their usually weak economic structures, could be assured of reasonably favourable and stable market conditions." (Paragraphs 181-182, page 307.)

"The overseas territories, taken as a whole, offer extensive technical opportunities for increasing output in a variety of ways: expansion of plantations (European, and especially African) where selected varieties with a high oil content are cultivated, provision of incentives for harvesting of wild fruit, reconditioning of natural palmeries, improvement of cultivation methods in these palmeries, and introduction of better extraction techniques. For West Africa it seems that an increase in production should in the first place be sought by improvement of extraction methods, reconditioning and re-stocking of the palmeries, tree maintenance and soil dressings." (Paragraph 166, page 302.)

61. Production of palm oil and palm kernels had risen considerably since before the war in the Belgian Congo although there had been some decline in the French territories. The possibilities of increased production had also been demonstrated by Nigeria, the largest exporter in the world of both palm oil and palm kernels where exports of palm oil had increased by nearly 45 per cent and of palm kernels by about 35 per cent since before the war. A substantial factor in the increased production of palm oil in Nigeria had been the increased extraction rate due to introduction of hand presses and mills (65 and 75 per cent respectively as against 45 per cent by traditional methods). The same development was possible in the A.O.T's. These representatives noted that, although there had since the war been some decline in the production of both palm oil and palm kernels in French territories considerable efforts were now being made to expand output again. Thus production of palm oil from modern factories in these territories had risen during the last five years from 4,000 tons to 20,000 tons and it had been stated that in

the next few years as much as 60,000 tons could be made available from similar factories. The OEEC Report noted that since the war official policy in the French overseas territories has been directed towards the industrial production of palm oil and went on to note "pending the eventual development of large plantations, the installation of oil mills has been bound up with the improvement of natural palmeries" (paragraph 158, page 299). There seemed to be no reason why such production could not be expanded at an even faster rate given the guarantee of a market at reasonable prices and adequate capital for the erection of factories, both of which could be found within the Community. Similarly, according to the OEEC Report large palm plantations had recently been created in the Belgian Congo under a concession system. This was linked with recent increases in production of palm oil. There would seem to be scope for the creation of further large plantations on similar lines, leading to further large increases in Belgian Congo palm oil production. In addition, improved methods of collecting palm oil could quickly lead to the production of a much higher quality oil from wild palms and to a considerable reduction in the free fatty acid (FFA) content of the oil. Experience in Nigeria had shown that very considerable advances could be made in this way if the right incentives were given to the peasant producer.

62. Similarly, since palm kernels are produced by the same trees the measures, improved cultivation, better collection and new plantations, which were expected to produce additional palm oil would also lead to increased production of palm kernels. The OEEC estimates, which were produced before the creation of the Common Market, indicated an approximate doubling of production of palm products in fifteen years. (Paragraph 180, page 307.)

63. Representatives of producing countries other than the Six therefore concluded that there was no reason why, taking into account the OEEC estimates indicated above and assuming further increases due to the incentive of a large and expanding market in the Six, the output of groundnuts in the A.O.T's should not increase in the next twenty years by at least 200,000 tons (oil equivalent), of palm oil by 125,000 tons and of palm kernels by 80 - 100,000 tons (oil equivalent). The increased output of copra, though more modest, might well be of the order of 15 - 20,000 tons (oil equivalent). None of the obstacles to such a growth suggested by representatives of the Six seemed to them insuperable.

64. In the case of vegetable oils, should a tariff be established, this would tend to encourage oilseed producers among the A.O.T's to export a larger proportion of their oilseeds in the form of oils in order to take advantage of the tariff protection ruling in the Community for vegetable oils. Groundnut oil production is much higher in French Equatorial Africa now than before the war and has increased steadily in recent years. Similarly, palm kernel oil production in the Belgian Congo has increased in recent years to the point where a large part of total production is now exported in the form of oil. As production of the oilseeds increases the crushing capacity could be increased pari passu. The growth of palm oil production is examined in paragraphs 60-61 above. These tendencies might become stronger as time went on and could, if the tariff were fixed at a high level, produce, by the end of the transition period, a major change in the character of the A.O.T's exports of these products.

65. The representatives of the Six, on the other hand, considered that the new tariff régime would not stimulate production of oilseeds and of vegetable oils in the A.O.T's. Even if there existed some scope for expanding production the possibilities of increasing exportable surpluses were very limited. Contrary to what had been affirmed by certain members (paragraph 21), efforts to extend cultivation and expand investment in the A.O.T's had been made for nearly ten years, namely by the FIDES (Fonds de Developpement Economique et Social). Research stations had been functioning for over ten years. In the next few years an intensification of these efforts could not easily be envisaged and the association of the O.T's with the Common Market could therefore hardly be expected to lead to an increase in production.

66. These representatives again drew attention to the fact that the new tariff régime for oilseeds would inevitably have unfavourable repercussions on the production of oilseeds in the A.O.T's. The argument of additional incentives to production in the A.O.T's seemed to be completely based on the assumption that the agricultural provision of the Treaty would apply and in such a manner as to guarantee the whole market of the Community to A.O.T. producers at high prices. It was, however, difficult to foresee whether and to what extent the agricultural provisions of the Treaty would be applied to the products under discussion, but the fact that a commodity was included in Annex II did not require the authorities of the Community to make it subject to managed market regulations. It must moreover be recognized that in the event of the establishment of a managed market for oilseeds and vegetable oils the overseas territories of the Franc zone could hardly be granted more important advantages than those they enjoy under the present system of regulation of the French market the restrictive character of which certain members had underlined. The eventual introduction of a managed market would in any case not involve any additional or more efficient stimuli to production than those which obtained in recent years. As indicated previously even if a relatively high uniform duty were introduced on vegetable oils, conditions of production in the A.O.T's would not change appreciably. There was indeed no justification to argue that prices obtained by A.O.T. oilseed crushers would rise as a result of their participation in the free trade area and consequently stimulate production, particularly in this case where the industry of the A.O.T's was already highly developed. In Senegal, oil mills were already crushing 400,000 tons of groundnuts (in the shell) out of a total production, in years of abundant harvest, of 700,000 tons; in less favourable years the oil mills absorbed four-fifths of the output (500,000 tons). Were industrialization in this field to proceed further, the local industry would absorb the total crop in years of reduced output, thereby imperilling the possibilities of marketing oilseeds in years of abundant yields. The need to safeguard the international payments situation of this territory and the desire for greater diversification of the local economy would lead the authorities concerned to encourage other types of manufacturing activity. This policy had been followed by the authorities of Nigeria where the development of a large export trade in oil as opposed to groundnuts was not considered to be in the economic interests of the territory<sup>1</sup>.

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<sup>1</sup> See OEEC, Oilseeds, paragraph 96, p. 123.

The Belgian Congo had developed a major palm kernel crushing industry, which the institution of the Community could hardly further promote. In discussing prospects of increased exports of palm oil and palm kernels the OEEC publication on oilseeds stated:

"... the aggregate increase in exports ... would be almost entirely accounted for by territories other than the Belgian Congo. It is estimated that in the latter case the local market will absorb most of the additional output ..." (paragraph 176, page 304).

It appeared, therefore, that the tariff régime under the Treaty would have no or little effect on the production of oilseeds and vegetable oils in the A.O.T's.

67. The representatives of the Six then referred to the protective effects of the uniform duty on the oil crushing industry in the Six. In their opinion there existed, generally speaking, no causal relationship between the level of the tariff on vegetable oils and the relative importance of the oil crushing activity. With a very low duty on vegetable oils the Netherlands had developed an extensive oil crushing industry, whereas France, having a high tariff on the same item had de-concentrated overseas a large part of its oilmills. Oilseed crushing seemed to be determined largely by the commercial policy of the manufacturers concerned. The new German industry, for example, had adopted the policy of using semi-processed raw materials. As the fundamental trend for the A.O.T's was progressively to industrialize and export less and less unprocessed materials, France and Belgium had since many years successfully encouraged the establishment of oilmills in the O.T's.

68. While stating that there was scope for expanding the production of groundnuts in the A.O.T's to a limited extent the representatives of the Six believed that the figures of future production which had been advanced by some members of the Working Party were not reasonable. What was relevant in the context moreover was the surplus available for export and not total production.

69. As could be seen from Table 1A of document IC/WP1/15 production of groundnuts in the A.O.T's had, since the pre-war period, increased only slightly (by some 25 per cent). Considering the growth of population and the efforts which had been made to extend production with a view to saving foreign exchange this rate of increase was very moderate. Exports of groundnuts had over the same period progressed by approximately 20 per cent. In Senegal, which produced some 80 per cent of the total production, and in a number of other overseas territories, population pressure and the prospect of increasing resources had led growers to shorten or even to cut out completely the fallow period, thus causing gradual, and in some cases irreparable, impoverishment of the soil.<sup>1</sup> Moreover, as indicated by the figures above, increased production did not necessarily lead to greater exports, for groundnuts were a major item in local diet and domestic consumption was increasing as population and living standards rose. In some areas in French Africa at a distance from the coast, production was also limited by the remoteness of the areas of production from

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<sup>1</sup> OEEC, Op. cit. paragraph 8, page 84.

the ports of shipment and by difficulties of transportation which hampered the movement of marketed products. That adequate land for groundnuts proved to be available in Nigeria did not necessarily indicate similar opportunities in the neighbouring French territories which were nearer to the sub-desert zone of Sahel. As pointed out in the OEEC study the possibility of extending the area under cultivation varied widely with each territory, (paragraph 98, page 124). The OEEC study on oilseeds further stated that in the O.T's as a whole (including British and Portuguese overseas territories) there seemed to be little reason to anticipate any extension of acreages under groundnuts for export at least for some considerable time (paragraph 101, page 125). Efforts which had been made to improve yields would not quickly bear fruit, (paragraph 102, page 126). Progress would remain limited because of the over-riding necessity to protect the soil. The growing of groundnuts in the A.O.T's was at present almost entirely in the hands of local people. A few mechanized plantations launched in recent years were still in the experimental stage, and as stated in the OEEC study, so far, virtually the only way of obtaining positive results was by improving traditional methods and equipment (paragraph 108, page 128). It was therefore very difficult to consider investing private European capital in this sector.

70. Production of copra and coconut oil in the A.O.T's had since the pre-war period shown a very moderate rate of increase notwithstanding the fact that copra originating in the French territories (i.e., approximately 95 per cent of the total output of the A.O.T's) had benefitted from tariff protection in the metropolitan market. Under the Treaty this advantage would disappear. West Africa could not be considered as being the optimum land for the coconut tree and offered little possibilities of expansion; prospects for increased production in Madagascar and Oceania remained negligible and out of proportion with the 90 per cent deficit in the requirements of the Six.

71. The representatives of the Six then referred to the prospects for increasing exportable surpluses of palm oil, palm kernels and palm kernel oil from the French overseas territories. They were of the opinion that it would not be prudent to expect the recent progress in production, particularly in the Belgian Congo, to continue at the same pace thereby leading to a constant increase in exports. During the post-war years production of both palm oil and palm kernels in the French O.T's had declined notwithstanding the incidental protective effects in the metropolitan market of quantitative restrictions imposed for balance-of-payments reasons. The OEEC study underlined that projects for expanding plantations of selected varieties were on the whole rather limited (paragraphs 140-141, page 294) and that efforts to improve and regenerate natural palmeries met with serious difficulties (paragraphs 143-145, page 295). Local requirements had grown at a rapid pace during the last years and were now absorbing most of the additional output (paragraph 176, page 304). The study concluded that the medium term prospect was that production would increase each year by about 5 per cent and exports by 3.5 per cent (page 307). If for palm oil, palm kernels and palm kernel oils possibilities of expanding output were not as limited as in the case of copra and groundnuts it had to be borne in mind that the prospects of additional exports were nowhere near the recent rates of increase of the import requirements of the Community in tropical fats and oils (8 per cent per annum from 1953 to 1956).

B. Effects on Trade of Third Countries(i) Trade Patterns

72. In the opinion of representatives of producing countries other than the Six the first effect of the establishment of a duty on vegetable oils would be the diversion of the A.O.T's exports away from third countries and towards the markets of the Six. This would create an immediate diversion of trade for third countries. If, as seemed probable, non-tariff preferences were also created for oilseeds there would also be a diversion to the Community of such small exports as the A.O.T's now sent to third countries. The following table gives the exports of A.O.T. oilseeds and oils to third countries in 1956. These quantities could be immediately diverted into the markets of the Six and are, therefore, a measure of the sales in that market which third countries might quickly lose:

	<u>'000 Tons</u>	
	<u>Seeds</u>	<u>Oil</u>
Groundnuts and Oil	11.3	1.6
Copra and Coconut Oil	10.0	-
Palm kernels and Oil	4.2	20.9
Palm Oil	-	46.0

73. Thereafter, as production of oilseeds rose in the A.O.T's under the stimulus of the guaranteed market which was likely to be provided by the probable application to oilseeds of the agricultural provisions of the Treaty, the whole of this would be absorbed in the Six's market and the diversion of trade would become larger. Third countries would then be placed in the position of being residual suppliers to the Six whose products would only be bought after the whole output of the A.O.T's had been absorbed. The prices at which oilseeds would be bought from the A.O.T's might well be higher than world market prices. This would have some depressing effect on the demand for oilseeds in the Six, which, as they would be in the position of residual suppliers, would fall entirely on third country producers.

74. The likely establishment of a duty higher than zero for vegetable oils would also guarantee a market to A.O.T's and metropolitan oilseed crushers at prices higher than world market prices by almost the full amount of the duty for the whole of their output. Apart from the initial diversion of the sales of A.O.T's away from third markets towards the Six an additional diversion of trade would be created as production of vegetable oils grew both in the A.O.T's and in the metropolitan countries of the Six under the stimulation of the guaranteed market and higher prices which would replace supplies from third countries. There would thus be a diversion of trade in vegetable oils equal to the growth in output of the seed crushers in both the A.O.T's and the metropolitan countries. The total present sales of vegetable oilseeds and oils

by third countries to the Six are as follows. In view of the considerations advanced above, all this trade must now be considered as at risk:

	<u>Nuts</u> <u>'000 Tons</u>	<u>Oil</u> <u>'000 Tons</u>	<u>Total Value</u> <u>\$ Million</u>
Groundnuts	266	92	108
Copra and Coconut Oil	546	96	130
Palm Kernels	213	2	35
Palm Oil	-	109	27

75. As the production of any particular vegetable oil by seed crushers in the A.O.T's and the Community became equal to the total market of the Six for that particular product (so that third country suppliers were completely excluded) its price would tend to fall, and preferred producers would no longer obtain most of the preference. The price fall would, however, encourage substitution of the oil concerned for its closest substitutes and, for this reason, the price would not fall fully to the world market level. It was likely that this would happen first in the case of palm kernel oil and that it would then begin to take the place of coconut oil. Third country exporters of coconut oil would then face a steady loss of trade with the Six on account of both a substitution of coconut oil from the A.O.T's and metropolitan crushers and the substitution generally of palm kernel oil for coconut oil.

76. As vegetable oils were included in Annex II of the Treaty they could also be subject to the agricultural provisions. These provisions could be used to create additional non-tariff preferences over and above the tariff preferences in the Common Market. This could take the form of guaranteeing a market for the products of the A.O.T's and metropolitan crushers at pre-determined prices as well as of substituting those vegetable oils which were in plentiful supply in the Community for those which had to be obtained from third countries. This might result, for instance, in an additional diversion of trade away from outside producers of coconut oil. Further, to the extent that production from the A.O.T's and metropolitan crushers was not wanted in the Six it could be exported to other countries at subsidized prices thus causing additional damage to the trade of third country producers.

77. The above considerations have not taken into account the possibility of increased consumption of vegetable oilseeds and oils in the Community. As already noted these representatives considered that the rate of increase of consumption there would not be nearly so great as it has been in the past. In that connexion they drew attention to the statement in FAO Bulletin No. 29 quoted in paragraph 51 above. It was their view, however, that if a duty were applied to vegetable oils any increase in consumption would be met by increased production of vegetable oils within the Community and the A.O.T's rather than by increased imports of oils. This in turn would lead to an increased requirement for oilseeds, but par at least, and possibly the whole of this increase would be met by increased production within the A.O.T's. Increased consumption in the Community would, therefore, not help the present suppliers of oils to

the Six at all and would still leave suppliers of oilseeds in the position of residual suppliers, only meeting such part of the Six's requirements as could not be met by oilseed production within the Community and the A.O.T's.

78. The representatives of the Six, on the other hand, considered that what was relevant in discussing effects on the trade of third countries was the rate of increase of production and consumption within the Community and the A.O.T's, not diversion of exports away from outside markets to that of the Community. They referred to FAO Bulletin No. 29 which stated that the Treaty would not materially change the area's dependence on outside sources for the bulk of its oils, since no substantial increase in internal production seemed likely. Imports in the Community of fats and oils from tropical sources, which were increasing by 8 per cent per annum, could only be encouraged by the abolition of duties on oilseeds and the establishment of a reasonable duty on vegetable oils would not modify the situation. As already indicated the new tariff on oilseeds constituted in itself, ceteris paribus, an unfavourable element for the production of the A.O.T's and an eventual protective tariff on vegetable oils would not alter the business conditions of the already extensive oil crushing industry in the A.O.T's, nor directly affect the proportion of products crushed in European oil mills. The Common Market Treaty could therefore have no deleterious repercussions on the trade of third countries. On the contrary, the closer integration of the economies of the Six and the association with them of the A.O.T's would, by creating the conditions necessary for greater prosperity, increase consumption and intensify international trade relations.

79. These representatives moreover drew attention to the fact that the Community obtained from outside countries very high proportions of its requirements of various vegetable oils: 40 per cent of its imports of soft edible vegetable oils, 90 per cent of its copra and coconut oil, 40 per cent of its palm oil, 55 per cent of its palm kernels and palm kernel oil. These very high percentages evinced the degree of dependency of the Community and the A.O.T's on imports of the various oils from outside sources. The fears expressed by some Members of the Working Party of a progressive substitution were therefore groundless. Statistics of production and consumption of oilseeds and vegetable oils in the Community and its A.O.T's even showed that import requirements from outside suppliers were growing, this notwithstanding intensified effort of private and public investment on cultivation as well as on research. The Six's deficit in these products had in recent years passed from 550,000 tons (oil equivalent) in 1953 (i.e., 52 per cent of their imports from all sources) to 700,000 tons in 1956 (i.e., 56 per cent of these imports).

80. The sources of the imports from outside countries were very diversified: the groundnut deficit was for 70 per cent covered by Commonwealth countries, that of palm oil for 60 per cent by Indonesia and for 4 per cent by the Commonwealth, that of palm kernels and palm kernel oil for 70 per cent by the Commonwealth and that of copra and coconut oil for 50 per cent by the Philippines, 20 per cent by the Commonwealth and 10 per cent by Indonesia. There was no reason to believe that this traditional trade pattern would be modified as a result of the operation of the Treaty. One hundred per cent of the export availabilities of the French overseas territories in fats and oils were already shipped to Europe. Seventy-five per cent of the exports of the Belgian Congo were destined to the Six, an important part of the rest being sold in the United States market.

{11} World Trade

81. Representatives of producing countries other than the Six considered that to the extent to which third countries' sales to the Six were reduced as a result of the processes outlined above they would have to be sold in other markets. This would tend to depress world prices for the products concerned and where, as in the case of groundnuts, the Six were the principle world market the fall in prices might be considerable. All countries producing oilseeds and vegetable oils would be affected by such a fall in world prices and not merely those exporting to the Six. It was true that, as the output of metropolitan crushers tended to increase under the influence of the tariff and non-tariff preferences, they would increase their demand for imported oilseeds. But third countries would only gain from this to the extent that the A.O.T's were not able to meet the demand and the increased imports of oilseeds would only partially offset the decreased sales of oils by the same countries or other non-Six suppliers. Further, as the general tendency was for more vegetable oil to be processed in the oilseed producing countries themselves third countries as a whole would not consider that they would in any way be compensated for the loss of their sales of vegetable oils by increased sales of oil seeds which would probably, in any case, only be partial.

82. Under these conditions, should any fall occur in world demand for oilseeds and vegetable oils due to recession, the whole effect of the fall in demand would fall on outside producers, seeing that producers in the A.O.T's and the metropolitan countries of the Six would still be guaranteed their sales in the Community's market. As in these conditions world prices would in any case be likely to be falling, the additional adverse effects thus created could be most serious for non-Six producers. For outside producers would then have either to face the full effects of the fall in world market prices or alternatively to cut back their production.

83. The representatives of the Six, on the other hand, held the view that the problem in the market of oilseeds and vegetable oils was not one of an excess of estimated future supplies over prospective demand. On the contrary, the difficulty appeared to be one of satisfying needs. After reviewing production of oils and fats, the OEEC publication on oilseeds concluded: "The general trends outlined above seem likely to continue into the medium term if not in the long term and world production will probably be able to meet the requirements of an increasing population and a rising standard of living." (Page 21, paragraph 9.) In examining trends of world consumption the study stated: "On the assumption that the average per capita consumption will remain stable (at about 10 kg. per annum), production should rise by 3 - 400,000 tons per annum to cover the increase in population (30 - 40 million each year)." (Page 24, paragraph 19.) "Quite apart from the increase in world population, therefore, it is probable that the raising of living standards in the under-developed countries will mean higher consumption of oils and fats." (Page 28.)

II. Quantitative Restrictions and Agricultural Provisions  
of the Treaty

84. Representatives of producing countries other than the Six considered that for a number of reasons the use of quantitative restrictions and the agricultural provisions of the Treaty in the case of oilseeds were highly probable. As set out in PART ONE of the Report managed markets in oilseeds were already in existence in France and Italy and, in the case of rapeseed, in Germany. In France, purchasing of groundnuts was effected by a private corporation which was responsible for the implementation of governmental directives. It took no supplies from third countries until all the availabilities of its own overseas territories had first been absorbed. French overseas territories were given a guaranteed market for a certain quantity of groundnuts (at present 300,000 tons oil equivalent or about equal to the whole of their production) at a fixed price. This price was always above and sometimes considerably above the world market price depending on the fluctuations in the latter. In the last few months world market prices had been falling and they were now as much as 25 per cent below the price paid in France for groundnuts from French territories. And in Senegal, the main producer of groundnuts in French Africa, prices paid to farmers were 40 per cent above the prices paid to producers of groundnuts in neighbouring Gambia. Arrangements had also been made to dispose of any surplus of groundnuts produced by the French territories in excess of the needs of the franc area by the establishment of stabilization funds which could be used to purchase groundnuts for stocks or to subsidize exports to third countries at the world market price.

85. In the case of copra and coconut oil, where there was a 10 per cent tariff in France, production in the French territories covered only about a half of the needs of the franc area. Producers in these territories were thus given a tariff preference which guaranteed them a market in France at prices higher than the world market prices by almost the whole extent of the preference. In addition, however, imports from third countries were made under quota and it had sometimes been found that, towards the end of a year, sufficient foreign exchange had not been available to enable importers fully to use their quotas. In these circumstances an artificial scarcity of copra and coconut oil tended to arise in the French market and supplies from French overseas territories then tended to fetch scarcity prices which were higher than world market prices by somewhat more than the full extent of the preference.

86. Producers of palm oil in the French territories received the world market price for their output as the duty in France was zero and no managed market was operated. In the case of palm kernels there was a duty of 10 per cent and until recently the overseas territories received a premium almost equal to the full duty. Production in these territories was, however, now equal to, or even slightly more than, France's needs. In consequence the preference was now no longer effective and prices had tended to fall towards the world market level.

87. Those representatives considered that all these artificial elements already present in the oilseeds and oils markets of individual Member countries in the Community would create very considerable stresses and strains should a

free market be established for these products within the Six. If this were to happen the prices received by groundnut and copra producers in the French overseas territories, by olive oil producers in Italy, France and North Africa and by rapeseed producers in France and Germany, some of which were strong political and social pressure groups, would tend to fall materials and their guaranteed markets would no longer be available to them. This was most unlikely to happen. Indeed, there seemed to be no reason to include these products in Annex II to the Treaty of Rome if there was no intention of applying the far-reaching agricultural provisions of the Treaty to organize the market in such a way that the interests of such producers were protected. The Treaty seemed to require that the privileges that these producers already enjoy in individual Member States should be extended throughout the Common Market. In the opinion of these representatives therefore, the above stresses and strains would not be removed even by the end of the transition period. Any managed market arrangements which might be introduced to deal with them were likely, if anything, to extend and increase the privileges already enjoyed by producers with the result that they would have to be retained indefinitely. These representatives had carefully examined the statements made by the representatives of the Six on this matter during the Working Party discussions and it seemed to them that the Six were prepared to admit that there was a possibility of the application of at least some of the agricultural provisions of the Treaty to oilseeds. In the absence of any assurance to the contrary they felt they were justified in basing their arguments on the assumption that some such action would be taken. The following paragraphs set out ways in which they felt it might be possible to use the agricultural provisions of the Treaty in the case of oilseeds, though clearly the particular steps which might be taken by the institutions of the Community remain to be determined.

88. Representatives of producing countries other than the Six were of the opinion, in particular, that Article 40 which could be applied to oilseeds and vegetable oils among other products in Annex II, gave the institutions of the Community very wide powers since it permitted the common agricultural policy to comprise "all measures necessary to achieve the objectives set out in Article 39, in particular, price controls, subsidies as to the production and marketing of various products, arrangements for stockpiling and carry-forward, and common machinery for stabilizing importation or exportation".

89. Article 43 set out the procedure for the establishment of a common marketing organization for agricultural products provided for in paragraph 2 of Article 40. This could be used to set up a purchasing organization for oilseeds throughout the Community which would guarantee a market for the whole production of Member States and the A.O.T's at arbitrarily determined prices which needed not to be the same as those ruling on the world market. Moreover, Article 44 provided for the establishment of minimum prices in order to carry out the objectives of Article 39. Finally, in the interim period before the establishment of a common marketing organization under Article 43, long-term contracts could be established under Article 45 between importing and exporting countries (including the A.O.T's) which could also be at prices different from those ruling in the world market.



90. These provisions taken together could enable the Community to establish substantial non-tariff preferences in favour of producers of oilseeds in the A.O.T's and to guarantee them a market for the whole of their production at predetermined prices. Imports from third countries would then only be taken to the extent that the A.O.T's or internal producers could not supply the whole needs of the Six and sales could be made by the common marketing organization to internal crushers at pooled prices.

91. The agricultural provisions of the Treaty could also be applied to vegetable oils in addition to whatever duty might be levied on them. The methods explained above could then be used to reinforce the effects of the tariff preferences given to the producers of oils in the metropolitan countries of the Six and in the A.O.T's. These non-tariff preferences could, for instance, be used to offset any disadvantage under which oilseed crushers in the Six might suffer by having to pay premium prices for at least a part of their oilseeds and to reinforce the extent to which third countries would become merely residual suppliers in the Six's market.

92. The representatives of the Six, on the other hand, observed that the Institutions of the Community, in resorting to quantitative restrictions for the protection of the balance of payments were bound to take into account the international commitments of the Member States. The progressive integration of the economies of the Six would lead to increased prosperity and would broaden the basis for improvements in the payments position of the individual States. The requisite conditions would thereby be created for a further liberalization of trade and payments.

93. These representatives stated that it was not possible at this stage to predict whether the agricultural provisions of the Treaty would be applied to oilseeds and vegetable oils; nor was it possible to prognosticate how these provisions might be implemented. Whatever the decisions of the Community in this respect, the growing deficit in oils and fats of the Six and the technical impossibility of raising production in the A.O.T's and the Six beyond certain limits were economic facts which no managed market rules would alter. Consequently, no form of operation of the agricultural provisions could affect to any appreciable extent the volume and the nature of trade in vegetable oil products with third countries. The authorities of the Community, in shaping their commercial policy in the field of fats and oils would, of necessity, take three factors into account, namely fluctuations in the world market of fats and oils, the general trend of world economic activity and the structure of European industries and trade. The first two of these factors were completely divorced from the rules and provisions of the Treaty. As for the third factor, it was worth mentioning that the fats and oils industry in Europe was composed of large-scale and highly integrated firms. Margarine production in the Community for example was for 80 per cent concentrated in the hands of a single organization. The particular nature of this industry appeared to constitute a guarantee of reasonable stability in production and trade. It was clear, therefore, that the harmonization of the national policies of the Member States, and in particular the possible reconciliation of the systems of guaranteed markets and minimum prices for certain commodities would take different forms according to developments on world markets. As substantially all oilseeds and vegetable oils produced in the A.O.T's were already exported

to the market of the Community, the present production and trade pattern offered no possibility of evolving towards an intensification of the existing trade relations with the A.O.T's. The abolition of all duties on oilseeds, the creation of an area of increased prosperity through the integration of the economies of the Six and the probability of an adaptation in the market organization of the franc zone to the future economic conditions of the community were all factors pointing in that direction.

### III Summary of Views

#### A. Views of the representatives of producing countries other than the Six:

94. The representatives of producing countries other than the Six pointed out that their views, as summarised below, were based on the assumption that a common duty on vegetable oils higher than zero, and probably higher than 5 per cent, would be established and that the agricultural provisions of the Treaty of Rome would be applied to oilseeds and vegetable oils in such a way as to provide substantial additional protection for producers in both the A.O.T's and the metropolitan countries of the Six. The substantial protection at present provided by some Member States of the Community (notably France but to some extent also Italy and Germany) for certain producers of oilseeds and vegetable oils, both in their own countries and in their overseas territories, makes a continuation of some form of protection and its extension throughout the Community highly probable. On these hypotheses the effects would be:

- (a) to provide guaranteed markets in the Six at premium prices for the entire output of these products by the A.O.T's and the metropolitan countries of the Six. In the case of vegetable oils the prices established would tend to be higher than world market prices by the full amount of the duty;
- (b) to stimulate artificially an expansion of output of these products both in the Six and in the A.O.T's;
- (c) to make it more profitable for the vegetable oil industries in the Six to crush more oilseeds in their own mills in substitution for vegetable oils imported from third countries which would have to pay the new rate of duty; and
- (d) through the establishment of higher prices to reduce demand for these products in the Community below what would otherwise have been the case.

95. Accordingly, as demand in the Six for these products would be lower and supplies from within the Community and the A.O.T's higher than would otherwise be the case the markets in the Six for third country suppliers would be correspondingly reduced. These countries would, moreover, be reduced to the position of residual suppliers and they would have to find markets elsewhere at lower prices for the supplies they would otherwise have sold in the Six. This diversion of trade would artificially force down world market prices with the result that all suppliers of oilseeds and vegetable oils outside the Six and

the A.O.T's would suffer damage and not merely those whose products were displaced from the markets of the Six. The situation would be made still worse for third countries in conditions of depression when, as residual suppliers, they would lose still more of their markets in the Six and be forced to sell the displaced output in contracting world markets. Even if demand in the Six were to grow again, due to rising living standards, third countries would not enjoy a reasonable share of the increase in demand.

96. Should a high tariff be established for vegetable oils the repercussions on the trade of third countries in these products would seem likely to be more severe than for oilseeds as the Six would be reduced to import less oil and to crush more oilseeds in their own crushing mills. This would lead at first to a greater import of oilseeds by the Six but, as production increased in the A.O.T's they would supply a larger and larger proportion of this demand themselves. In any case it was no compensation to third countries losing their market for vegetable oils to be able to sell more oilseeds as this would run counter to the general tendency for producers to crush their own oilseeds and would thus be damaging to their economies. Further there would be no guarantee that the countries losing their export of vegetable oils would be the ones who would be able to export more oilseeds to the Six.

97. It was likely that the increased output of vegetable oils in the Six and the A.O.T's as a result of the application of the provisions of the Treaty would be concentrated on palm kernel oil, groundnut oil and palm oil. The trade of third countries in these oils would be the first to be affected, but as the output of the oils within the Community became sufficient to fill the whole demand, they would in turn tend to be substituted for coconut oil and possibly for other vegetable oils at present supplied to the Six in greater measure by third countries. In time, therefore, the sellers of all kinds of vegetable oils to the Six would be affected.

98. The contracting parties whose trade would be particularly affected by these adverse factors include India, Ceylon, Indonesia, Malaya, the United Kingdom Dependencies of Nigeria, Gambia, Tanganyika, Zanzibar, North Borneo, Fiji, Tonga and the New Zealand Dependency of Western Samoa. All these countries are dependent for their economic well-being on the export of oilseeds and other primary products to world markets. The economies of many of them are very largely based on oilseeds. Their production plans have been drawn up on the assumption that they would continue to have unhampered access to those markets in the Six where they enjoyed such access in the past.

99. If a substantial tariff is imposed on vegetable oils and if the agricultural provisions of the Treaty are applied to oilseeds and vegetable oils they will be forced to re-appraise their plans in the light of the new situation. The whole economic future of these countries will be affected, so that, apart from the economic damage to oilseed producers and crushers, their whole economic development will be endangered, with far-reaching social and political consequences.

B. Views of the representatives of the Six:

100. The representatives of the Six emphasized that in the case of oilseeds as in the case of all the other commodities considered by the Working Party, any study of the effects on the trade of third countries of the provisions of the Rome Treaty relating to the association of the overseas countries and territories should make a clear distinction between the short-term and the long-term effects. An examination of the Treaty showed that its provisions were to be implemented very gradually. Its short-term effect would accordingly be almost nil. In the long term, the implementation of the Treaty would certainly have repercussions on the trade of third countries as well as on production and consumption. It was not possible, however, to determine exactly what those long-term repercussions would be. Indeed, fats and oils were a complex group of products, and the market of each fat and oil affected the market of the others.

101. The representatives of the Six observed that the common tariff for oilseeds had been fixed at zero; it was impossible to predict whether there would be a duty on vegetable oils in the common external tariff, or what the rate of duty, if any, would be. They pointed out, however, that prices within the Community of products derived from vegetable oils would tend to fall as a result of the duty-free admission of vegetable oils from the A.O.T's and the elimination of all import duties on oilseeds. These representatives recalled that, in their opinion, consumer prices were usually affected to a far greater extent by disorderly fluctuations in world market prices than by the application of a reasonable duty.

102. With regard to consumption, it seemed unlikely that the existing deficit in edible vegetable oils and fats in Europe, which was at present considerable, could be rapidly overcome. Moreover, despite the increase which had been recorded in the past few years, per capita consumption in the Community was still far below that in the United States, and the present deficit might therefore increase with the expected rise in the standard of living in the Community. Furthermore the rise in the standard of living in Africa would lead to an increase in demand in that area. As far as production was concerned, it was unlikely that the development recorded in the A.O.T's over the past few years could continue at the same rate. The representatives of the Six observed that export levels were of the same order as before the war. The determining factor in this field was the amount of the exportable surplus rather than the amount of total production. In the light of these prospects, the fears expressed by some members of the Working Party regarding the possible replacement of present imports from third countries by imports from the A.O.T's appeared groundless.

103. In fact, as clearly indicated by the figures given in various sections in the report, the problem which seemed to arise in connexion with the market for oilseeds and vegetable oils was not so much an excess of estimated supply over foreseeable demand; it was rather a matter of overcoming the difficulty to

satisfy growing needs. It remained difficult to imagine how the establishment of a reasonable common tariff and the implementation of a common agricultural policy could in themselves alter the fact that the Community's import needs were considerable and that, in the absence of sufficient supplies from the A.O.T's, these needs could only be met by imports from third countries.

GROUNDNUTS (1)(2)

(Brussels Nomenclature Heading Number: ex 12.01)

COUNTRY	Legal Tariff	Tariff effectively applied as of 1.1.1957		Q.R. treat- ment applic- able as of 1 January 1958	Common External Tariff	Alignment with the common external tariff			Elimination of duties		
		by metro- pol. coun- tries to D.O.T.	to imports from other countries or terri- tories			at the end of the 4th year	at the end of the 2nd stage	at the end of the tran- sition period	at the end of the 1st stage	at the end of the 2nd stage	at the end of the 3rd stage
Benelux	Free	Free	Free	LP	Free	-	-	-	0%	0%	0%
France	10% but not less than Fr.Frs.500 per 100 Kg	Free	Free	Qu (except for French D.O.T.)	Free	-	-	-	0%	0%	0%
Germany	Free	-	Free	L	Free	-	-	-	0%	0%	0%
Italy	8%(B)	Free	( 8% (Free when coming from Libya)	(Qu (for \$ (area) (L (for other (countries or (territories) (3)	Free	5.6%	3.2%	Free	(6%(4)(5) (0% Libya	4%(4)(5) 0%	0% 0%

(1) The common external tariff duty rate for this item appears in List F.

(2) This item is included in Annex II to the Treaty (agricultural products).

(3) In the case of Italy, imports of oilseeds intended for the production of edible oils is conditional on the purchase of certain quantities (to be determined) of oil from government stocks.

(4) Subject to the indications given in introductory Note No. 2.

(5) The rates indicated above apply only to products imported from overseas countries and territories which do not have special relations with the State concerned. Products imported from countries and territories having special relations with the State concerned are admitted duty-free.

(Brussels Nomenclature Heading Number: ex 12.01)

COUNTRY	Legal Tariff	Tariff effectively applied as of 1.1.1957		Q.R. treat- ment applic- able as of 1 January 1958	Common External Tariff	Alignment with the common external tariff			Elimination of duties		
		by metro- pol. coun- tries to D.O.T.	to imports from other countries or terri- tories			at the end of the 4th year	at the end of the 2nd stage	at the end of the tran- sition period	at the end of the 1st stage	at the end of the 2nd stage	at the end of the 3rd stage
Benelux	Free	Free	Free	LP	Free	-	-	-	0%	0%	0%
France	10%	Free	10%	Qu (except for French D.O.T.)	Free	7%	4%	Free	7.5%(3)(4)	5%(3)(4)	0%
Germany	Free	-	Free	L	Free	-	-	-	0%	0%	0%
Italy	Free	Free	Free	L	Free	-	-	-	0%	0%	0%

- (1) The common external tariff duty rate for this item appears in List F.
- (2) This item is included in Annex II to the Treaty (agricultural products).
- (3) Subject to the indications given in introductory Note No. 2.
- (4) The rates indicated above apply only to products imported from overseas countries and territories which do not have special relations with the State concerned. Products imported from countries and territories having special relations with the State concerned are admitted duty-free.

PALM NUTS AND KERNELS<sup>(1)(2)</sup>

(Brussels Nomenclature Heading Number: ex. 12.01)

COUNTRY	Legal Tariff	Tariff effectively applied as of 1.1.1957		Q.R. treat- ment applic- able as of 1 January 1958	Common External Tariff	Alignment with the common external tariff			Elimination of duties		
		by metro- pol. coun- tries to D.O.T.	to imports from other countries or terri- tories			at the end of the 4th year	at the end of the 2nd stage	at the end of the tran- sition period	at the end of the 1st stage	at the end of the 2nd stage	at the end of the 3rd stage
Benelux	Free	Free	Free	LP	Free	-	-	-	0%	0%	0%
France	10%	Free	10%	Qu (except for French D.O.T.)	Free	7%	4%	Free	7.5%(4)(5)	5%(4)(5)	0%
Germany	Free	-	Free	L	Free	-	-	-	0%	0%	0%
Italy	Free	Free	Free	(Qu (for \$ area) L (for other countries and territories) (3)	Free	-	-	-	0%	0%	0%

- (1) The common external tariff duty rate for this item appears in List F.
- (2) This item is included in Annex II to the Treaty (agricultural products).
- (3) In the case of Italy, imports of oilseeds intended for the production of edible oils is conditional on the purchase of certain quantities (to be determined) of oil from government stocks.
- (4) Subject to the indications given in introductory Note No. 2.
- (5) The rates indicated above apply only to products imported from overseas countries and territories which do not have special relations with the State concerned. Products imported from countries and territories having special relations with the State concerned are admitted duty-free.

GROUNDNUT OIL, CRUDE<sup>(1)(2)</sup>

(Brussels Nomenclature Heading Number: ex 15.07)

COUNTRY	Legal Tariff	Tariff effectively applied as of 1.1.1957		Q.R. Treatment applicable as of 1 January 1958	Common External Tariff	Alignment with the common external tariff			Elimination of duties		
		by metro-pol. countries to D.O.T.	to imports from other countries or territories			at the end of the 4th year	at the end of the 2nd stage	at the end of the transition period	at the end of the 1st stage	at the end of the 2nd stage	at the end of the 3rd stage
Benelux	5%(B)	5%	5%	LP	To be negotiated	-	-	-	3.75%(5)	2.5%(5)	0%
France	18%(B)	Free	18%	Qu (except for French D.O.T.)	To be negotiated	-	-	-	13.5%(5)(6)	9%(5)(6)	0%
Germany	( 6%(B) (Free for industrial uses)	-	5% Free (for industrial uses)	Qu (for \$ area) L (for other countries and territories) L (for industrial uses)	To be negotiated	-	-	-	(3.75%(5) (0% (for industrial uses)	2.5%(5) 6% (for industrial uses)	0% 0%
Italy	25%	Free	13%	(Qu (for \$ area and certain countries) (3) (L (for other countries and territories including Brazil and Argentina) (4)	To be negotiated	-	-	-	13.5%(5)(6)	9%(5)(6)	0%

(1) This item is included in List G (duties to be negotiated between Member States).

(2) This item is included in Annex II to the Treaty (agricultural products).

(3) Albania, Bulgaria, Czechoslovakia, Ecuador, Finland, Iran, Israel, Yugoslavia, Poland, Rumania, Spain and territories in the peseta area, Hungary, USSR.

(4) In the case of Italy, imports of oilseeds intended for the production of edible oils is conditional on the purchase of certain quantities (to be determined) of oil from government stocks.

(5) Subject to the indications given in introductory Note No. 2.

(6) The rates indicated above apply only to products imported from overseas countries and territories which do not have special relations with the State concerned. Products imported from countries and territories having special relations with the State concerned are admitted duty-free.

COCONUT OIL, CRUDE<sup>(1)(2)</sup>

(Brussels Nomenclature Heading Number: ex 15.07)

COUNTRY	Legal Tariff	Tariff effectively applied as of 1.1.1957		Q.R. treat- ment applic- able as of 1 January 1958	Common External Tariff	Alignment with the common external tariff			Elimination of duties		
		by metro- pol. coun- tries to D.O.T.	to imports from other countries or terri- tories			at the end of the 4th year	at the end of the 2nd stage	at the end of the tran- sition period	at the end of the 1st stage	at the end of the 2nd stage	at the end of the 3rd stage
Benelux	5%(B)	5%	5%	LP	To be nego- tiated	-	-	-	3.75%(5)	2.5%(5)	0%
France	15%	Free	15%	Qu (except for French D.O.T.)	To be nego- tiated	-	-	-	11.25%(5)(6)	7.5%(5)(6)	0%
Germany	( 6%(B)	-	5%	(Qu (for \$ (area) (L (for other (countries (and terri- (tories) L (for industrial uses)	To be nego- tiated	-	-	-	( 3.75%(5)	2.5%(5)	0%
	(Free (for (industrial (uses)	-	Free (for industrial uses)						( 0% (for industrial uses)	0%	0%
Italy	10%(B)	Free	10%	(Qu (for \$ (area and (certain (countries) (3) (L (for (other coun- (tries and (territories) (4)	To be nego- tiated				7.5%(5)(6)	5%(5)(6)	0%

(1) This item is included in List G (duties to be negotiated between Member States).

(2) This item is included in Annex II to the Treaty (agricultural products).

(3) Albania, Argentina, Brazil, Bulgaria, Czechoslovakia, Ecuador, Finland, Iran, Israel, Yugoslavia, Poland, Rumania, Spain and territories in the peseta area, Hungary, USSR.

(4) In the case of Italy, imports of oilseeds intended for the production of edible oils is conditional on the purchase of certain quantities (to be determined) of oil from government stocks.

(5) Subject to the indications given in introductory Note No. 2.

(6) The rates indicated above apply only to products imported from overseas countries and territories which do not have special relations with the State concerned. Products imported from countries and territories having special relations with the State concerned are admitted duty-free.

## PALM OIL, CRUDE (1)(2)

(Brussels Nomenclature Heading Number: ex 15.07)

COUNTRY	Legal Tariff	Tariff effectively applied as of 1.1.1957		Q.R. treatment applicable as of 1 January 1958	Common External Tariff	Alignment with the common external tariff			Elimination of duties		
		by metro-pol. countries to D.O.T.	to imports from other countries or territories			at the end of the 4th year	at the end of the 2nd stage	at the end of the transition period	at the end of the 1st stage	at the end of the 2nd stage	at the end of the 3rd stage
Benelux	Free	Free	Free	LP	To be negotiated	-	-	-	0%	0%	0%
France	15%(B)	Free	Free	Qu (except for French D.O.T.)	To be negotiated	-	-	-	0%	0%	0%
Germany	( 6%(B) (Free for industrial uses)	-	5% Free (for industrial uses)	L	To be negotiated	-	-	-	(3.75%(5) ( 0% ( (for industrial uses)	2.50%(5) 0%	0% 0%
Italy	Free	Free	Free	(Qu (for \$ area and certain countries) (3) (L (for other countries and territories) (4)	To be negotiated	-	-	-	0%	0%	0%

(1) This item is included in List G (duties to be negotiated between Member States).

(2) This item is included in Annex II to the Treaty (agricultural products).

(3) Albania, Bulgaria, Czechoslovakia, Ecuador, Finland, Iran, Israel, Yugoslavia, Poland, Rumania, Spain and territories in the poseta area, Hungary, USSR.

(4) In the case of Italy, imports of oilseeds intended for the production of edible oils is conditional on the purchase of certain quantities (to be determined) of oil from government stocks.

(5) Subject to the indications given in introductory Note No. 2.

PALM KERNEL OIL, CRUDE<sup>(1)(2)</sup>

(Brussels Nomenclature Heading Number: ex 15.07)

COUNTRY	Legal Tariff	Tariff effectively applied as of 1.1.1957		Q.R. treat- ment applic- able as of 1 January 1958	Common External Tariff	Alignment with the common external tariff			Elimination of duties		
		by metro- pol. coun- tries to D.O.T.	to imports from other countries or terri- tories			at the end of the 4th year	at the end of the 2nd stage	at the end of the tran- sition period	at the end of the 1st stage	at the end of the 2nd stage	at the end of the 3rd stage
Benelux	5%(B)	5%	5%	LP	To be nego- tiated	-	-	-	3.75%(5)	2.5%(5)	0%
France	15%(B)	Free	Free	Qu (except for French D.O.T.)	To be nego- tiated	-	-	-	0%	0%	0%
Germany	( 6%(B) (Free (for (industrial (uses)	- -	5% Free (for industrial uses)	Qu (for \$ area) L (for other countries and terri- tories) L (for in- dustrial uses)	To be nego- tiated	-	-	-	(3.75%(5) (0% (for (industrial (uses)	2.5%(5) 0% (for industrial uses)	0%
Italy	10%	Free	9%	(Qu (for \$ (area and (certain (countries) (3) (L (for (other coun- (tries and (territories) (4)	To be nego- tiated	-	-	-	6.75%(5)(6)	4.5%(5)(6)	0%

(1) This item is included in List G (duties to be negotiated between Member States).

(2) This item is included in Annex II to the Treaty (agricultural products).

(3) Albania, Bulgaria, Czechoslovakia, Ecuador, Finland, Iran, Israel, Yugoslavia, Poland, Rumania, Spain and territories in the peseta area, USSR.

(4) In the case of Italy, imports of oilseeds intended for the production of edible oils is conditional on the purchase of certain quantities (to be determined) of oil from government stocks.

(5) Subject to the indications given in introductory Note No. 2.

(6) The rates indicated above apply only to products imported from overseas countries and territories which do not have special relations with the State concerned. Products imported from countries and territories having special relations with the State concerned are admitted duty-free.

**Table B.1**  
**Groundnuts(I) and Groundnut Oil(II)**  
**Imports in 1955**  
 (thousand metric tons and per-cent of total imports)

**Tableau B.1**  
**Arachides(I) et Huile d'Arachides(II)**  
**Importations en 1955**  
 (en milliers de tonnes métriques et en pourcentage du total des importations)

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TABLE B<sub>1</sub>

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Imports from Provenance	Imports into Destination	Belgium-Luxemb. Union Belgo-Lux.		France		Germany Fed. Rep. Allemagne R.F.		Italy Italie		Netherlands Pays-Bas		Total		United Kingdom Royaume-Uni		United States Etats-Unis		Canada		Japan Japon		
Total . . . . .	%	7.5	35.9	365.3	82.8	25.2	67.1	47.7	1.6	47.1	9.8	492.8	197.2	288.9	41.1	55.4	13.7	32.9	8.4	14.5	-	
		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	-
Associated Territories Territoires Associés . . . . .	%	0.1	4.0	210.0	81.7	-	0.4	-	-	0.1	-	210.2	86.1	-	-	-	0.3	-	-	-	-	
		1.3	11.1	57.5	98.2	-	0.6	-	-	0.2	-	42.7	43.7	-	-	-	2.1	-	-	-	-	
Belgian Congo Congo belge . . . . .	%	0.1	4.0	-	-	-	0.4	-	-	-	-	0.1	4.4	-	-	-	0.3	-	-	-	-	
		1.3	11.1	-	-	-	-	-	-	-	-	-	2.2	-	-	-	2.1	-	-	-	-	
French Camerouns Camerouns français . . . . .	%	-	-	9.0	-	-	-	-	-	-	-	9.0	-	-	-	-	-	-	-	-	-	
		-	-	2.5	-	-	-	-	-	-	-	1.2	-	-	-	-	-	-	-	-	-	
French Equatorial Africa Afrique équatoriale française . . . . .	%	-	-	6.3	1.2	-	-	-	-	0.1	-	6.4	1.2	-	-	-	-	-	-	-	-	
		-	-	1.7	1.4	-	-	-	-	0.2	-	1.3	0.6	-	-	-	-	-	-	-	-	
French Togoland Togo français . . . . .	%	-	-	3.1	-	-	-	-	-	-	-	3.1	-	-	-	-	-	-	-	-	-	
		-	-	0.8	-	-	-	-	-	-	-	0.6	-	-	-	-	-	-	-	-	-	
French West Africa Afrique occidentale française . . . . .	%	-	-	187.8	80.5	-	-	-	-	-	-	187.8	80.5	-	-	-	-	-	-	-	-	
		-	-	51.4	97.2	-	-	-	-	-	-	38.1	40.8	-	-	-	-	-	-	-	-	
Madagascar . . . . .	%	-	-	3.8	-	-	-	-	-	-	-	3.8	-	-	-	-	-	-	-	-	-	
		-	-	1.0	-	-	-	-	-	-	-	0.6	-	-	-	-	-	-	-	-	-	
Other Countries Autres pays . . . . .	%	7.4	31.9	155.3	1.1	25.2	66.7	47.7	1.6	47.0	9.8	282.6	111.1	288.9	41.1	55.4	13.4	32.9	8.4	14.5	-	
		96.7	88.9	42.5	1.3	100.0	99.4	100.0	100.0	99.8	100.0	57.3	56.3	100.0	100.0	100.0	97.9	100.0	100.0	100.0	100.0	
United States Etats-Unis . . . . .	%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.7	0.1	-	-	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.1	1.1	-	-	
India Inde . . . . .	%	-	26.1	0.9	-	0.1	60.3	-	0.2	1.1	3.0	2.0	89.6	-	6.4	15.7	6.1	8.3	5.5	-	-	
		-	72.7	0.2	-	0.4	89.9	-	12.5	2.3	30.6	0.4	45.4	-	15.6	28.3	44.5	25.2	65.4	-	-	
Indonesia Indonésie . . . . .	%	-	-	0.3	-	0.3	-	-	-	1.3	-	1.9	-	-	-	0.1	-	-	-	1.8	-	
		-	-	0.1	-	1.2	-	-	-	2.8	-	0.4	-	-	-	0.2	-	-	-	12.4	-	
Turkey Turquie . . . . .	%	-	-	-	-	0.1	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	
		-	-	-	-	0.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sudan Soudan . . . . .	%	0.1	0.2	35.9	-	3.7	-	1.0	-	-	-	40.7	0.2	-	-	-	-	-	-	-	-	
		1.3	0.6	9.8	-	14.6	-	2.1	-	-	-	8.3	0.1	-	-	-	-	-	-	-	-	
Nigeria . . . . .	%	2.0	1.7	98.1	-	8.3	0.3	34.5	-	22.1	0.7	165.0	2.7	252.4	27.4	-	-	-	-	-	-	
		26.7	4.7	26.9	-	32.9	0.4	72.3	-	46.9	7.1	33.5	1.4	97.4	66.7	-	-	-	-	-	-	
Rhodesia & Nyassaland, Fed. Rhodésie & Nyassaland, Féd. . . . .	%	-	-	4.9	-	1.4	-	-	-	0.8	-	7.1	-	1.6	-	0.6	-	0.1	-	-	-	
		-	-	1.3	-	5.5	-	-	-	1.7	-	1.4	-	0.6	-	1.0	-	0.3	-	-	-	
Union of South Africa Union Sud-Africaine . . . . .	%	3.3	1.8	3.0	-	1.0	0.6	6.3	0.1	7.2	-	20.8	2.5	3.0	7.2	5.2	1.6	4.6	-	-	-	
		44.0	5.0	0.8	-	4.0	0.9	13.2	6.3	15.3	-	4.2	1.3	1.0	17.5	9.3	11.7	14.0	-	-	-	
Hong-Kong . . . . .	%	-	-	-	-	-	-	-	-	0.2	-	0.2	-	-	-	-	-	2.5	-	-	-	
		-	-	-	-	-	-	-	-	0.4	-	0.2	-	-	-	-	-	7.5	-	-	-	

(I) Groundnuts - Arachides  
 (II) Groundnut Oil - Huile d'arachides

Source: See Table B.6

Table B<sub>2</sub>  
Groundnuts(I) and Groundnut Oil(II)  
Exports in 1955  
(thousand metric tons and per-cent)

Tableau B<sub>2</sub>  
Arachides(I) et Huile d'Arachides(II)  
Exportations en 1955  
(en milliers de tonnes métriques et en pourcentage)

Exports from Provenance	Exports to Destination	European Economic Community Communauté Econ. Européenne		Of which Metropolitan Country Dont Métropoles		United Kingdom Royaume-Uni		Rest of the World Reste du monde		Total Exports Exportations totales	
		I	II	I	II	I	II	I	II	I	II
Belgian Congo .....	%	0.1	4.6	0.1	3.7	-	..	-	(0.6)	0.1	5.2
Congr belge .....	%	100.0	88.5	100.0	71.2	-	..	-	(11.5)	100.0	100.0
French West Africa .....	%	158.9	86.2	156.9	86.2	..	..	(11.1)	(0.8)	170.0	87.0
Afrique occidentale française .....	%	93.5	99.1	93.5	99.0	..	..	6.5	0.9	100.0	100.0
French Equatorial Africa .....	%	4.4	0.4	4.3	0.4	-	-	-	-	4.4	0.4
Afrique équatoriale française .....	%	100.0	100.0	100.0	100.0	-	-	-	-	100.0	100.0
French Togoland .....	%	3.6	-	3.6	-	-	-	-	-	3.6	-
Togo français .....	%	100.0	-	100.0	-	-	-	-	-	100.0	-
French Camerouns .....	%	7.8	0.3	7.8	0.3	..	..	(0.1)	(0.1)	7.9	0.4
Cameroun français .....	%	98.7	75.0	98.7	75.0	..	..	(1.3)	(25.0)	100.0	100.0
Madagascar .....	%	8.6	-	8.6	-	..	..	(0.1)	(0.1)	8.7	0.1
Madagascar .....	%	98.9	-	98.9	-	..	..	1.1	-	100.0	100.0
Total Associated Territories .....	%	183.4	91.5	183.3	90.6	..	..	(11.3)	(1.6)	194.7	93.1
Total des Territoires Associés .....	%	54.2	98.3	94.1	97.3	..	..	4.8	1.7	100.0	100.0
Kenya <sup>a</sup> , Tanganyika and Uganda .....	%	(7.3)	-	-	-	(6.9)	-	(2.5)	-	(16.7)	-
Kenya <sup>a</sup> , Tanganyika et Ouganda .....	%	(43.7)	-	-	-	(41.3)	-	(15.0)	-	(100.0)	-
Nigeria .....	%	106.0	..	-	-	265.9	27.4	31.3	(6.8)	403.3	34.2
Nigeria .....	%	26.3	..	-	-	65.9	80.1	7.8	19.9	100.0	100.0
Gambia .....	%	13.2	-	-	-	26.5	-	-	-	39.7	-
Gambie .....	%	33.2	-	-	-	66.8	-	-	-	100.0	-
United States .....	%	-	-	-	-	-	-	0.7	0.4	0.7	0.4
Etats-Unis .....	%	-	-	-	-	-	-	100.0	100.0	100.0	100.0
India <sup>b</sup> .....	%	1.8	65.5	-	-	13.3	2.1	12.0	59.2	27.1	126.8
Inde <sup>b</sup> .....	%	6.6	51.7	-	-	49.1	1.7	44.3	46.6	100.0	100.0

(I) Groundnuts - Arachides

(II) Groundnut Oil - Huile d'arachides

<sup>a</sup> 1956<sup>b</sup> Year beginning April - Année commençant en avril.Sources: See Table B<sub>6</sub>

Table B.3

Copra(I) and Coconut Oil(II)

Imports in 1955

(thousand metric tons and per-cent of total imports)

Tableau B.3

Coprah(I) et Huile de Coco(II)

Importations en 1955

(en milliers de tonnes métriques et en pourcentage du total des importations)

Imports from Provenance	Imports into Destination	Belgium-Luxemburg Union Ec. Belgo-Lux.		France		Germany Fed. Rep. Allemagne R.F.		Italy Italie		Netherlands Pays-Bas		Total		United Kingdom Royaume-Uni		United States Etats-Unis		Canada		Japan Japon		
Total . . . . .	%	21.8	4.9	89.7	7.8	260.6	51.5	1.9	29.4	101.2	1.2	475.2	94.6	71.4	45.9	304.6	65.9	7.6	16.2	50.7	..	
		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	..
Associated Territories Territoires Associés . . . . .	%	-	-	63.4	(1.2)	3.2	-	-	-	0.4	-	67.0	(1.2)	-	-	-	-	-	-	-	-	..
		-	-	70.7	(15.3)	1.2	-	-	-	0.4	-	14.1	(1.3)	-	-	-	-	-	-	-	-	..
Netherlands New Guinea Nouvelle-Guinée néerlandaise . . . . .	%	-	-	-	-	3.2	-	-	-	0.4	-	3.6	-	-	-	-	-	-	-	-	-	..
		-	-	-	-	1.2	-	-	-	0.4	-	0.8	-	-	-	-	-	-	-	-	-	..
French Togoland Togo français . . . . .	%	-	-	4.5	-	-	-	-	-	-	-	4.5	-	-	-	-	-	-	-	-	-	..
		-	-	5.0	-	-	-	-	-	-	-	0.9	-	-	-	-	-	-	-	-	-	..
French Camerouns Cameroun français . . . . .	%	-	-	-	0.3	-	-	-	-	-	-	-	0.3	-	-	-	-	-	-	-	-	..
		-	-	-	3.8	-	-	-	-	-	-	-	0.3	-	-	-	-	-	-	-	-	..
French West Africa Afrique occidentale française . . . . .	%	-	-	1.0	-	-	-	-	-	-	-	1.0	-	-	-	-	-	-	-	-	-	..
		-	-	1.1	-	-	-	-	-	-	-	0.2	-	-	-	-	-	-	-	-	-	..
Madagascar . . . . .	%	-	-	1.2	-	-	-	-	-	-	-	1.2	-	-	-	-	-	-	-	-	-	..
		-	-	1.3	-	-	-	-	-	-	-	0.3	-	-	-	-	-	-	-	-	-	..
French Oceania Océanie française . . . . .	%	-	-	24.2	(0.9)	-	-	-	-	-	-	24.2	(0.9)	-	-	-	-	-	-	-	-	..
		-	-	27.0	(11.5)	-	-	-	-	-	-	5.1	(0.9)	-	-	-	-	-	-	-	-	..
New Caledonia Nouvelle-Calédonie . . . . .	%	-	-	4.0	-	-	-	-	-	-	-	4.0	-	-	-	-	-	-	-	-	-	..
		-	-	4.5	-	-	-	-	-	-	-	0.8	-	-	-	-	-	-	-	-	-	..
New Hebrides Nouvelles-Hébrides . . . . .	%	-	-	28.5	-	-	-	-	-	-	-	28.5	-	-	-	-	-	-	-	-	-	..
		-	-	31.8	-	-	-	-	-	-	-	6.0	-	-	-	-	-	-	-	-	-	..
Other Countries Autres pays . . . . .	%	21.8	4.9	26.3	(6.6)	257.4	51.5	1.9	29.4	100.8	1.2	408.2	93.4	71.4	45.9	304.6	65.9	7.6	16.2	50.7	..	
		100.0	100.0	29.3	(84.7)	98.8	100.0	100.0	100.0	99.6	100.0	85.9	98.7	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	..
British Borneo Bornée britannique . . . . .	%	1.1	-	-	-	13.8	-	1.0	-	0.7	-	16.6	-	-	-	-	-	-	-	-	-	..
		5.0	-	-	-	5.3	-	52.6	-	0.7	-	3.5	-	-	-	-	-	-	-	-	-	..
Ceylon Ceylan . . . . .	%	-	0.3	-	-	-	8.3	-	19.1	-	0.1	-	27.7	-	10.8	-	-	-	-	15.6	-	..
		-	6.1	-	-	-	16.1	-	64.9	-	8.3	-	29.3	-	23.5	-	-	-	-	96.3	-	..
Indonesia Indonésie . . . . .	%	1.1	-	3.5	-	42.2	-	0.3	-	13.2	-	60.3	0.9	-	-	-	-	-	-	-	37.8	..
		5.0	-	3.9	-	16.2	-	15.8	-	13.0	-	12.7	1.0	-	-	-	-	-	-	-	74.6	..
Malaya & Singapore, Fed. Malaisie & Singapour, Féd. . . . .	%	-	0.6	6.5	1.8	22.7	15.0	0.3	4.0	0.2	1.0	29.8	22.4	-	10.5	-	-	-	-	-	-	..
		-	12.2	7.2	23.0	8.7	29.1	15.8	13.6	0.2	83.3	6.3	23.7	-	22.9	-	-	-	-	-	-	..
Philippines . . . . .	%	19.1	-	-	-	127.8	0.9	-	-	85.8	-	232.7	0.9	-	-	302.1	65.8	7.6	-	4.0	..	
		87.6	-	-	-	49.0	1.7	-	-	64.8	-	49.0	0.9	-	-	99.2	99.8	100.0	-	7.9	..	
Ghana . . . . .	%	-	-	0.7	-	1.4	-	-	-	-	-	2.1	-	-	-	-	-	-	-	-	-	..
		-	-	0.8	-	0.5	-	-	-	-	-	0.4	-	-	-	-	-	-	-	-	-	..
British Oceania Océanie britannique . . . . .	%	-	-	0.1	-	0.2	2.2	-	0.1	-	-	0.2	2.3	33.8	16.3	-	-	-	-	-	-	..
		-	-	0.1	-	0.1	4.2	-	0.3	-	-	-	2.4	47.3	35.5	-	-	-	-	-	-	..

(I) Copra - Coprah

(II) Coconut Oil - Huile de coco

Sources: See Table B.6

Table B<sub>4</sub>  
Cocoa(I) & Coconut Oil(II)  
Exports in 1955  
(thousand metric tons and per-cent of total exports)

Tableau B<sub>4</sub>  
Cacaoh(I) & Huile de Coco(II)  
Exportations en 1955  
(milliers de tonnes métriques et en pourcentage des exportations totales)

Exports from Provenance	Exports to Destination	European Economic Community Communauté Econ. Européenne		of which Metropolitan Country dont Métropole		United Kingdom Royaume-Uni		Rest of the World Reste du monde		Total Exports Exportations totales	
		I	II	I	II	I	II	I	II	I	II
French Associated Territories Territoires Associés français	%	..	1.1	47.6	1.1	..	-	(10.0)	-	57.6	1.1
	%	..	100.0	82.6	100.0	..	-	(17.4)	-	100.0	100.0
Philippines	%	275.0	-	-	-	6.0	-	523.8	74.2	804.8	74.2
	%	34.2	-	-	-	0.7	-	65.1	100.0	100.0	100.0
Ceylon Ceylan	%	-	41.5 <sup>a</sup>	-	-	-	10.7	69.4	(46.6)	69.4	98.8
	%	-	42.0	-	-	-	10.9	100.0	47.1	100.0	100.0
Indonesia Indonésie	%	56.8	..	-	-	-	..	203.2	..	260.0	..
	%	21.8	..	-	-	-	..	78.2	..	100.0	..
Malaya & Singapore, Fed. Malaisie & Singapour, Féd.	%	19.2	30.2	-	-	-	15.2	23.6	45.6	42.8	91.0
	%	44.9	33.2	-	-	-	16.7	55.1	50.1	100.0	100.0
British North Borneo Borné du Nord britannique	%	20.4	-	-	-	4.0	-	14.4	-	35.8	-
	%	57.0	-	-	-	2.8	-	40.2	-	100.0	-
Solomon Islands Iles Salomon	%	-	-	-	-	15.6	-	4.7	-	20.3	-
	%	-	-	-	-	76.8	-	23.2	-	100.0	-
Fiji Islands Iles Fidji	%	-	-	-	-	8.4	18.9	-	-	8.4	18.9
	%	-	-	-	-	100.0	100.0	-	-	100.0	100.0
Tonga	%	-	-	-	-	21.5	-	-	-	21.5	-
	%	-	-	-	-	100.0	-	-	-	100.0	-
Zanzibar	%	1.7	-	-	-	-	-	3.8	3.8	5.5	3.8
	%	30.9	-	-	-	-	-	69.1	100.0	100.0	100.0
Nigeria <sup>b</sup>	%	5.8	-	-	-	0.7	-	0.2	-	6.7	-
	%	86.5	-	-	-	10.4	-	3.0	-	100.0	-
Kenya & Tanganyika	%	4.3	-	-	-	-	-	1.1	-	5.4	-
	%	79.6	-	-	-	-	-	20.4	-	100.0	-

<sup>a</sup> Germany, Netherlands and Italy

<sup>a</sup> Allemagne, Pays-Bas et Italie

<sup>b</sup> 1954

(I) Cocoa - Cacaoh  
(II) Coconut Oil - Huile de coco

Source: See Table B.6

Table B<sub>5</sub>

Palm Kernels (I), Palm Oil(II) and Palm Kernel Oil(III)  
Imports in 1955  
(thousand metric tons and per-cent of total imports)

Tableau B<sub>5</sub>

Noix et Amandes de Palmiste(I), Huiles de Palme(II) et de Palmiste(III)  
Importations en 1955  
(en milliers de tonnes métriques et en pourcentage du total des importations)

Imports from Provenance	Imports into Destination	Belgium-Luxemburg Union Ec. Belge-Lux.			France			Germany Fed. Rep. Allemagne R.F.			Italy Italie			Netherlands Pays-Bas			Total			United-Kingdom Royaume-Uni			United States Etats-Unis		Canada	Japan Japon			
		I	II	III	I	II	III	I	II	III	I	II	III	I	II	III	I	II	III	I	II	I & II	I	II	III				
Total . . . . . %		26.1	43.7	5.0	137.2	28.5	7.8	116.5	71.8	10.1	0.2	8.6	29.4	108.3	81.6	-	388.3	234.3	52.2	345.0	204.1	0.1	20.1	20.8	22.1	19.6	32.0	-	
		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	-	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	-
Associated Territories Territoires Associés . . . . . %		20.2	39.2	3.2	126.5	24.4	2.6	23.8	31.8	2.0	-	5.7	4.7	14.5	23.0	-	194.2	124.1	12.6	-	2.4	-	15.8	14.5	7.9	-	-	-	-
		77.4	89.7	64.0	92.2	85.6	33.3	20.4	44.3	19.8	-	66.3	16.0	13.4	28.2	-	50.0	53.0	24.1	-	1.2	-	78.6	69.7	35.7	-	-	-	-
Belgian Congo Congo belge . . . . . %		20.2	39.2	3.2	3.8	6.5	2.3	23.8	31.8	2.0	-	5.7	4.7	14.5	23.0	-	62.4	106.2	12.3	-	2.4	-	15.8	14.5	7.9	-	-	-	-
		77.4	89.7	64.0	2.8	22.8	29.5	20.4	44.3	19.8	-	66.3	16.0	13.4	28.2	-	16.1	45.3	23.5	-	1.2	-	78.6	69.7	35.7	-	-	-	-
British Cameroons Cameroun britannique . . . . . %		-	-	-	15.3	..	0.3	-	-	-	-	-	-	-	-	-	15.3	..	0.3	-	-	-	-	-	-	-	-	-	-
		-	-	-	11.2	..	3.8	-	-	-	-	-	-	-	-	-	3.9	..	0.6	-	-	-	-	-	-	-	-	-	-
French Equatorial Africa Afrique équatoriale française . . . %		-	-	-	8.6	2.6	-	-	-	-	-	-	-	-	-	-	8.6	2.6	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	6.3	9.1	-	-	-	-	-	-	-	-	-	-	2.2	1.1	-	-	-	-	-	-	-	-	-	-	-
French Togo Togo français . . . . . %		-	-	-	9.0	0.9	-	-	-	-	-	-	-	-	-	-	9.0	0.9	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	6.6	3.2	-	-	-	-	-	-	-	-	-	-	2.3	0.4	-	-	-	-	-	-	-	-	-	-	-
French West Africa Afrique occidentale française . . . %		-	-	-	89.8	14.4	-	-	-	-	-	-	-	-	-	-	89.8	14.4	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	65.5	50.5	-	-	-	-	-	-	-	-	-	-	23.1	6.1	-	-	-	-	-	-	-	-	-	-	-
Other Countries Autres pays . . . . . %		5.9	4.5	1.8	10.7	4.1	5.2	32.7	30.0	8.1	0.2	2.9	24.7	93.8	58.6	-	194.1	110.2	39.6	345.0	201.7	0.1	4.3	6.3	14.2	19.6	32.0	-	
		22.6	10.3	36.0	7.8	14.4	66.7	79.6	55.7	80.2	100.0	33.7	84.0	86.6	71.8	-	50.0	47.0	75.9	100.0	98.8	100.0	21.4	30.3	64.3	100.0	100.0	-	-
Ghana . . . . . %		-	-	-	-	-	-	0.4	0.7	-	-	-	-	-	-	-	-	-	-	8.2	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	0.3	1.0	-	-	-	-	-	-	-	-	-	-	2.4	-	-	-	-	-	-	-	-	-
Nigeria . . . . . %		5.3	0.3	-	4.7	-	-	74.0	10.1	-	0.2	0.1	-	70.9	10.3	-	40.0	9.2	-	278.2	156.0	-	0.5	-	1.0	-	-	-	-
		20.3	0.7	-	3.4	-	-	63.5	14.1	-	100.0	1.2	-	65.5	12.6	-	-	-	-	30.6	76.4	-	2.5	-	4.5	-	-	-	-
Malaya & Singapore, Fed. Malaisie & Singapour, Féd. . . . . %		0.1	-	-	2.0	-	1.8	3.8	0.5	-	-	0.1	4.0	4.1	-	-	10.0	0.5	5.8	2.9	43.3	-	0.8	-	5.2	-	-	-	-
		0.4	-	-	1.5	-	23.1	3.3	0.7	-	-	1.2	13.6	3.8	-	-	2.6	0.2	11.1	8.4	21.2	-	4.0	-	23.5	-	-	-	-
Indonesia Indonésie . . . . . %		0.2	4.2	-	1.8	3.4	-	8.3	27.7	-	-	0.6	0.9	8.3	48.2	-	18.7	84.0	0.9	-	2.1	-	2.3	-	3.6	19.4	32.0	-	
		0.8	9.8	-	1.3	11.9	-	7.1	38.6	-	-	7.0	3.1	7.7	59.1	-	4.8	35.9	1.7	-	1.0	-	11.4	-	16.3	99.0	100.0	-	

(I) Palm Kernels - Noix & Amandes de Palmiste  
(II) Palm Oil - Huile de palme  
(III) Palm Kernel Oil - Huile de palmiste

Sources: See Table B<sub>6</sub>

Table B<sub>6</sub>

Palm Kernels(I), Palm Oil(II) and Palm Kernel Oil(III)

Exports in 1955

(thousand metric tons and per-cent of total exports)

Tableau B<sub>6</sub>

Noix et Amandes de Palmiste(I), Huiles de Palme(II) et de Palmiste(III)

Exportations en 1955

(en milliers de tonnes métriques et en pourcentage du total des exportations)

Exports from Provenance	Exports to Destination			European Economic Community Communauté Econ. Européenne			of which Metropolitan Country dont Métropoles			United Kingdom Royaume-Uni			Rest of the World Reste du monde			Total Exports Exportations totales		
	I	II	III	I	II	III	I	II	III	I	II	III	I	II	III			
Belgian Congo	60.5	114.2	14.2	29.0	45.0	8.3	..	..	..	(2.7)	(36.2)	(20.9)	63.2	150.4	35.1			
Congo belge	95.7	75.9	40.4	45.8	29.9	23.6	..	..	..	(4.3)	(24.1)	59.6	100.0	100.0	100.0			
French West Africa	84.2	17.4	-	84.2	17.4	-	..	..	-	(0.6)	(0.9)	-	84.8	18.3	-			
Afrique occidentale française	99.3	95.1	-	99.3	95.1	-	..	..	-	(0.7)	(4.9)	-	100.0	100.0	-			
French Equatorial Africa	8.1	2.5	-	8.1	2.5	-	-	-	-	-	-	-	8.1	2.5	-			
Afrique équatoriale française	100.0	100.0	-	100.0	100.0	-	-	-	-	-	-	-	100.0	100.0	-			
French Togoland	8.8	1.0	-	8.8	1.0	-	..	-	-	(0.1)	-	-	8.9	1.0	-			
Togo français	98.9	100.0	-	98.9	100.0	-	..	-	-	(1.1)	-	-	100.0	100.0	-			
French Cameroun	15.5	0.1	-	15.5	0.1	-	..	-	-	(0.8)	-	-	16.3	0.1	-			
Cameroon français	95.1	100.0	-	95.1	100.0	-	..	-	-	(4.9)	-	-	100.0	100.0	-			
Total Associated Territories	177.1	135.2	14.2	145.6	66.0	8.3	..	..	..	4.2	37.1	20.9	181.3	172.3	35.1			
Total Territoires Associés	97.7	78.5	40.5	80.3	38.3	23.7	..	..	..	2.3	21.5	59.5	100.0	100.0	100.0			
Tanganyika	0.4	-	-	-	-	-	-	-	-	-	-	-	0.4	-	-			
	100.0	-	-	-	-	-	-	-	-	-	-	-	100.0	-	-			
Malaya & Singapore, Fed.	8.9	0.1	-	-	-	-	3.1	44.5	-	0.3	11.0	-	12.3	55.6	-			
Malaisie & Singapour, Féd.	72.4	0.2	-	-	-	-	25.2	80.3	-	22.4	19.8	-	100.0	100.0	-			
Gambia	-	-	-	-	-	-	1.8	-	-	-	-	-	1.8	-	-			
Gambie	-	-	-	-	-	-	100.0	-	-	-	-	-	100.0	-	-			
Sierra Leone	2.0	-	-	-	-	-	56.5	-	-	0.1	-	-	58.6	-	-			
	3.4	-	-	-	-	-	96.4	-	-	0.2	-	-	100.0	-	-			
Nigeria	111.2	..	-	-	-	-	321.1	162.9	-	7.9	(22.2)	-	440.2	185.1	-			
	25.3	..	-	-	-	-	72.9	88.0	-	1.8	(12.0)	-	100.0	100.0	-			

**Sources:** The Import data in tables B.1, B.3 and B.5 are according to national statistics of the importing countries. Export figures of the Associated Territories in tables B.2, B.4 and B.6 have been supplied by the Commodities Branch of the FAO, those relating to British Dependencies have been communicated by the British Delegation; exports from other countries listed are according to national trade statistics.

Les données relatives aux importations qui figurent dans les tableaux B.1, B.3 et B.5 sont tirées des statistiques nationales des pays importateurs. Les chiffres concernant les exportations des territoires associés, repris dans les tableaux B.2, B.4 et B.6, ont été communiqués par la sous-division des produits de la FAO, ceux qui ont trait aux territoires dépendants britanniques ont été fournis par la délégation du Royaume-Uni; les données relatives aux exportations des autres pays proviennent des statistiques nationales.