

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SPECIAL GROUP ON TRADE IN TROPICAL PRODUCTS

SUB-GROUP

Note by the Secretariat on Studies in Connexion with the Sub-Group's Terms of Reference

In the light of the comments made by members of the Sub-Group during the Sub-Group's meeting from 3-6 December 1962, the secretariat has drawn up the revised outline of work to be done by the secretariat which is reproduced below. Due account will also be taken by the secretariat of any further comments received from delegations subsequent to the Sub-Group's meeting from 3-6 December.

The general purpose of the work to be undertaken by the secretariat is directed towards the objectives of the Special Group on Trade in Tropical Products. The studies to be undertaken should not, therefore, be too general and should be made available as speedily as possible. Duplication of effort will be avoided and close contact maintained with national experts and other organizations. The intention of the secretariat is that the work to be undertaken under A and B below, and to the greatest extent possible the country studies to be undertaken under C below, should be ready for consideration by the Sub-Group by February 1963. In connexion with these individual country studies, it should be noted that these will relate only to countries enjoying sheltered access and that the position of those countries not enjoying such access will be dealt with in more general terms under B below. The secretariat will, of course, seek the co-operation and concurrence of the governments of those countries which will be the subject of individual country studies.

I. Proposed outline of totality of work to be done by the secretariat

The Sub-Group's terms of reference state that the work of the Sub-Group "should relate on a commodity-by-commodity basis, in the first instance to the following products: cocoa, coffee, tea, oilseeds and vegetable oils, tropical timber and bananas". The six sub-headings set out in the terms of reference, which are applicable to each commodity study, are interrelated and it would not be easy for the secretariat to examine them separately. In order to appraise the importance to developing countries of the sheltered access they or their competitors enjoy for these commodities in certain important markets (sub-paragraphs (a) and (b)), it seems necessary to consider the present situation of the world market of these commodities (sub-paragraphs (d) and (e)) and to assess the effects of a removal of trade barriers and preferential systems on the previously sheltered and unsheltered producers respectively (sub-paragraph (c)).

In view of these considerations, the following draft outline is proposed by the secretariat as a basis for the work entrusted to the Sub-Group:

A. Description of the barriers to trade and preferential arrangements existing at present

- (i) Protective tariffs and other barriers to trade at present applied.
- (ii) Preferential systems applied by importing countries:
 - (a) tariffs
 - (b) tariff quotas
 - (c) sheltered access.

B. Effects of a removal of all barriers to trade and preferential arrangements on world trade for each product

In order to assess the possible effects of a removal of all obstacles to trade (preferential or other) on the pattern of world trade in each of the following commodities namely; cocoa, coffee, oilseeds and vegetable oils and bananas¹, account has to be taken of the factors influencing consumption in importing countries and production in exporting countries. Information on these matters has already been collected by a number of governments and by international organizations and further detailed investigations can largely be avoided.² However, ad hoc studies seem necessary in order to make an assessment of:

- (i) changes in the volume and value of world exports;
- (ii) shifts in the share of world exports accruing to sheltered and other exporting countries;
- (iii) situation for each commodity on the individual sheltered markets.

As regards coffee, account will have to be taken of the provisions of the international agreement which has been signed and of the way in which this agreement operates. As regards cocoa, account will have to be taken of the current negotiations for an international agreement. As far as the other

¹The exclusion of tea and tropical timber at this stage is without prejudice to the consideration under (f) of the Sub-Group's terms of reference of any problems pertinent to the trade in these commodities which any government might wish to bring forward at a later stage.

²The main points to be considered are: (i) for importing countries: relations between volume of consumption and retail prices; tastes and habits of consumers; competing products; (ii) for exporting countries: prices paid to farmers; other factors influencing the volume of production.

commodities are concerned one might have to examine, in the light of the facts brought out in the further studies, the question of marketing arrangements as a possible solution to the problems which arise.

C. Importance of preferential arrangements in the context of the economic needs of selected countries

- (i) Effects of the changes in world trade envisaged under B above on the export proceeds of selected countries for which one or several tropical products represent a large share of the total value of exports.
- (ii) Effects of a change in the export proceeds on the domestic situation of previously sheltered countries, including the effects on the level of imports and consequently on the development plans of such countries. Examination of how adverse effects might be offset, for example through the development of other lines of production, and what would be required in the way of financial assistance to permit the development of such lines of production. This will involve studies, on a country-by-country basis, on the economic situation of the country concerned, its economic development, its economic potentialities, the implications for the budget and producers' incomes etc. The countries proposed for these individual country studies are: Ghana, Ivory Coast, Nigeria, Senegal, Somalia.