

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES  
Twenty-first Session

## SPECIAL GROUP ON TRADE IN TROPICAL PRODUCTS

### Report on the Meeting held on 18-20 February 1964

1. The Special Group on Trade in Tropical Products met from 18 to 20 February 1964 in pursuance of a recommendation by Committee III at its meeting of 21-31 October 1963:

"...that the Special Group on Trade in Tropical Products should be reconvened at an early date to re-examine the problems facing the cocoa industry, following the failure of the United Nations Cocoa Conference to reach an agreement during the recent negotiations, and to seek solutions to these problems in so far as they come within the purview of the GATT."

2. It was recalled that the Special Group's terms of reference were:

"Taking into account all factors bearing on present and future problems in international trade in tropical products (cocoa, coffee, tea, vegetable oilseeds and oils and tropical timber), to consider ways of overcoming difficulties confronting less-developed countries exporting these products and to make appropriate proposals bearing in mind, among other things, the Conclusions of the ministerial meeting and the Decision of 7 December 1961."

3. The Group expressed its disappointment regarding the failure of the United Nations Cocoa Conference 1963 to conclude an agreement, in particular in view of the high hopes previously placed in it, even though the Group at the same time noted that the conference had requested the Secretary General of the United Nations "to keep under review further discussions, including those which may take place in the FAO Cocoa Study Group, and other developments which may make it desirable to resume the negotiating conference on cocoa, and to invite States included in a list to be prepared for the purpose by the Interim Co-ordinating Committee for International Commodity Arrangements to come together for a further session of the conference when satisfied that the conditions for a resumption exist..."

4. The representative of Nigeria supported by the representatives of Brazil, Ghana, Ceylon and Indonesia suggested that the Group might establish a programme for the elimination of the barriers affecting trade in cocoa as well as other tropical products.

5. The United States representative recommended that, with regard to coconuts, the Group support duty-free access and the elimination of fiscal charges, and that, with regard to cocoa and other tropical products (not necessarily limited to the six tropical products within the Group's present consideration) the forthcoming GATT Trade Negotiations provide the most promising context for carrying forward the liberalization sought by Nigeria, Brazil, Ceylon, Ghana and Indonesia. He suggested that contracting parties give active consideration now to the rôle of tropical products in these negotiations.

6. In supporting this proposal the United Kingdom delegation suggested that the Group might draw the attention of the Trade Negotiations Committee to the desirability of providing a suitable framework for joint consideration of how this might best be done. It would be useful to bear in mind that Ministers had already agreed that the developed countries would not look for reciprocity from the less-developed countries in the forthcoming trade negotiations, and that it was hoped that the deepest possible cuts would be made in the field of tropical products.

7. The representatives of the European Economic Community and of the associated States participating in the work of this session were not able to support the proposal made by the United States delegation. They stated that the essential problem of tropical products in general, and of cocoa in particular, was still one of price. They felt that the removal of trade barriers did not appear capable of improving the situation of countries exporting tropical products, and therefore did not afford a positive solution to this problem. They stressed once again that the general and paramount objective was the organization of markets for these products which would ensure the producing countries of rising exports at remunerative, equitable and stable prices.

8. The representatives of the less-developed countries present at the meeting expressed disappointment and deep concern that although some progress had been made by some countries in the removal or reduction of trade barriers and internal taxes on some products, the Group was not yet in sight of the attainment of its objectives. These countries, except those associated with the European Economic Community, considered that this in large measure was due to the differences of approach of the industrialized countries themselves. The representatives of the less-developed countries also emphasized that any effective solution must have regard to both stands which they consider essential to the expansion of their trade. They, therefore, expressed the hope that these industrialized countries should speedily reconcile their respective position in the interests of the less-developed countries. In this connexion, the less-developed countries noted the statement of the Chairman that prices in respect of tropical products could be dealt with by governments in the Trade Negotiations Committee as is being done in the case of other agricultural products.

9. The Group considered the proposal of the representative of the United States supported by the representatives of the United Kingdom and Sweden, as well as the stand taken by the Community and the Associated States. The Group, with the abstention of Brazil, felt that it should be possible to make concrete progress concerning the problems affecting tropical products during the forthcoming trade negotiations of GATT, aiming at the attainment of the objectives set out in the Conclusions of the ministerial meeting of May 1963, and recommend to governments to seek effective solutions to the fundamental problems affecting trade in tropical products. To this effect, the Group recommended that the question be referred to the Trade Negotiations Committee and asked the Chairman of the Special Group on Tropical Products to maintain liaison between the Special Group and the Trade Negotiations Committee with regard to the rôle of tropical products in the forthcoming negotiations.
  
10. The Group noted a statement by the representative of Ceylon supported by the representative of Indonesia who drew attention to the still extant problems facing trade in tea. While duties on tea had been largely removed, internal taxes still hampered consumption in a number of countries, thus frustrating the efforts made in the field of duties. Moreover, instant tea, production of which had been started particularly with a view to finding a market in the countries of the Community, was faced by a considerable duty there. It was, therefore, desirable that this problem be given careful consideration by the Trade Negotiations Committee.
  
11. The Group took note of the statement by the Chairman that the study on bananas was proceeding according to expectations. For the purpose of the study, the GATT was in close collaboration with FAO and also maintained very close contact with the Organization of American States.
  
12. Quite apart from what might be done in the course of the trade negotiations with respect to vegetable oils and oilseeds, the delegate for Nigeria indicated that this was a question which might also be considered in connexion with the question of preferences for less-developed countries.