

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## Multilateral Trade Negotiations

### TROPICAL PRODUCTS - CONSIDERATION OF TECHNICAL WORK TO BE UNDERTAKEN IN THE NEGOTIATIONS

#### Note by the Secretariat

1. The Ministerial Declaration adopted at Tokyo in September 1973 provides, inter alia, that the negotiations should aim to treat tropical products as a special and priority sector. Furthermore, the negotiations shall cover tariffs, non-tariff barriers and other measures which impede or distort international trade in both industrial and agricultural products, including tropical products and raw materials, whether in primary form or at any stage of processing including, in particular, products of export interest to developing countries and measures affecting their exports.
2. In establishing the technical work programme over the coming months, the Trade Negotiations Committee agreed, inter alia, to set up, amongst others, a Group on Tropical Products in accordance with the terms of paragraph 3(f) of the Tokyo Declaration. The Trade Negotiations Committee also agreed that the technical programme of work shall be guided by the provisions of the Tokyo Declaration as it relates to developing countries.
3. In recognizing that other items could be added to the work programme, this Committee agreed that the programme for tropical products should proceed on the following basis:  

"Continuation, in the light of the work undertaken by the Committee on Trade and Development and other international bodies, of the studies of all the pertinent data on trade in tropical products, due account being taken of the factors which influence this trade such as supply, demand, prices, and the level of the export receipts of developing countries."
4. The following paragraphs contain a summary of recent discussions on tropical products so as to provide a background for the consideration of the technical work which the group might take up. Some points concerning the work programme are contained in the concluding sector of this note.

#### Points concerning tropical products taken up in the Committee on Trade and Development for consideration during the preparatory work for the trade negotiations

5. To assist in the consideration of the question of tropical products by the Committee on Trade and Development, in the context of the preparatory work for the trade negotiations, the secretariat prepared a background note (SGTP/26) briefly

describing the problem areas which had been identified in earlier discussions on tropical products, with the object of providing a basis for preliminary discussion on the possible types of action which might be contemplated for these items. These problem areas related in particular to (i) the continued maintenance of tariffs by some developed countries on certain unprocessed products; (ii) tariff escalation on semi-processed and processed products; (iii) special preferences; (iv) quantitative restrictions, internal charges and other non-tariff measures; (v) price instability. Annexed to this document was an indicative list of items prepared for consideration during the Kennedy Round in the light of interest expressed by developing countries. This list, which has been reproduced as Annex I, did not have a binding effect as to the definition of tropical products.

6. When considering a programme of work for tropical products, having regard to the secretariat background paper, the Committee on Trade and Development agreed in February 1973 that material should be collated on commercial policy measures and trade flows relating to certain items, projections for the period 1970-1980 relating to demand, production and trade, as well as internal taxes and effective protection.

7. In pursuance of the decision, the secretariat, in May 1973, circulated document COM.TD/W/189, which provides a detailed picture of trade flows at most-favoured-nation and preferential rates of duty for the years 1964, 1967 and 1970 in respect of coffee, cocoa, tea, bananas, pepper and certain vegetable oils, oilseeds and oilcake in their raw, semi-processed and processed forms. Details of tariffs (including most-favoured-nation, special preferential and GSP rates of duty) as well as non-tariff measures applied by individual developed countries, are also indicated.

8. Addendum 1 to this document contains a summary of projections of demand, production and trade in certain items on the basis of a comprehensive FAO study "Agricultural Commodity Projections 1970-1980". Addendum 2 provides factual summaries of conclusions contained in existing studies of effective protection and internal taxes with respect to their relevance to tropical products.

9. Following a preliminary examination of these documents (COM.TD/W/189 and addenda), the Committee on Trade and Development agreed that they should be brought to the attention of any negotiating machinery that might be set up, so that full use could be made of the information provided.

10. In response to a request by some delegations for information on certain other products, the secretariat has tabulated in document COM.TD/W/205 details of commercial policy measures as of September 1973 and trade flows for the year 1970 in respect of a number of other items<sup>1</sup> falling within Chapters 1-24 of the BTN.

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<sup>1</sup>Including manioc, certain nuts (fresh or dried), tropical fruits (fresh or dried), certain spices, rice, manioc starch, psyllium seed, rattan, kapok and crin, tung, babassu and tobacco seed oils, carnauba wax, sugar, sugar syrups and molasses, tapioca, unmanufactured tobacco and processed tropical fruit and nuts and fruit juices.

11. A full list of GATT documents related to the work on tropical products is given in the inventory of documents annexed to the Programme of Work (MTN/2). In addition some of the documentation prepared for the Agriculture Committee also deal with certain of these items. A note on developments in other international organizations is attached as Annex II.

#### The Programme of Work

12. As indicated above, the data available in the secretariat documents were compiled, inter alia, with a view to identifying trade in respect of which barriers to entry continue to exist and assessing the trade situation of different suppliers. It has been stated in the Programme of Work that the studies should take account of factors which influence trade in tropical products such as supply, demand, prices and the level of the export receipts of the developing countries. In this connexion, the following points might be noted:

- (i) The commercial policy data contained in COM.TD/W/189 and COM.TD/W/205 might need to be reviewed with a view to completing and updating the material and including any additional non-tariff measures which delegations may be in a position to notify.
- (ii) Certain data on export receipts are already available in the two documents. The material on projections to 1980 relating to production, demand and trade (COM.TD/W/189/Add.1) and information on effective protection and internal taxes (COM.TD/W/189/Add.2) was prepared taking into account work in other international organizations. If it were found useful, additional data relating to production, stock changes and prices for the period covered could be collected.
- (iii) The data in the documentation relate to a selected list of items contained in Chapters 1-24 of the BTN. If further information is needed, it will have to be separately compiled.

ANNEX ITropical Products<sup>1</sup>

05.12	Shellcraft	ex 09.10	Ginger
ex 07.06	Manioc		- not ground
			- other
ex 08.01	Bananas, fresh		Celery seed
	Coconuts		- not ground
	Desiccated coconut		- other
	Brazil nuts		Curry powder and paste
	Cashew nuts	10.06	Rice
	Pineapples		
	Mangoes, guavas	ex 11.08	Manioc starches
ex 09.01	Coffee, raw, roasted	ex 12.01	Groundnuts
			Copra
09.02	Tea		Palmnuts and kernels
	- in small containers		Babassu nuts
	- in bulk		
09.03	Maté	ex 12.07	Plants and seeds used in
			perfumery and for pharmaceutical
09.04	Pepper of piper		purposes
	- not ground		- psyllium seed
	- other	ex 13.02	Lacs, natural gums and resins
	Pimento (capsicum or		- gum arabic
	pimenta)		
	- not ground	14.01	Rattan
	- other	ex 14.02	Vegetable materials used as
09.05	Vanilla		stuffing or padding
ex 09.06	Cinnamon		- kapok and crin
	- not ground	ex 14.03	Vegetable materials used in
	- other		brushes
09.07	Cloves		- piassava
	- not ground	ex 15.07	Fixed vegetable oils
	- other		Groundnut oil
09.08	Nutmegs		- crude
	- not ground		- other
	- other		Coconut oil
	Mace		- crude
	- not ground		- other
	- other		Palm kernel oil
	Cardamoms		- crude
	- not ground		- other
	- other		

<sup>1</sup>The table extracted from document L/2808 covers the products included in the indicative list of tropical items originally proposed for negotiation in the Kennedy Round, supplemented by additional products requested by delegations. It did not have a binding effect as to the definition of tropical products.

ex 15.07 (cont'd)	Palm-oil - crude - other Tung oil Oiticica oil Castor oil Cashew shell oil Tobacco seed oil Babassu oil	ex 29.05 32.01	Menthol Tanning extracts of vegetable origin
ex 15.16	Carnauba wax	ex 33.01	Essential oils: Lemon grass, sandalwood, palmarosa, citronella, veti-vert, cinnamon
ex 17.01	Sugar - raw - refined	ex 40.01 ex 41.02 41.04	Natural rubber latex Bovine cattle leather Goat and kidskin leather
ex 17.02	Syrups	ex 44.03	Wood in the rough (tropical)
ex 17.03	Molasses	ex 44	Tropical wood and wood products
18.01	Cocoa beans - raw or roasted	46.01-03 54.02-05	Rattan products Ramie fibre and products
18.03	Cocoa paste, whether or not defatted	57.01	True hemp
18.04	Cocoa butter	57.02	Manila hemp
18.05	Cocoa powder, unsweetened	ex 57.04	Sisal, sun hemp Coir
ex 19.04	Tapioca	ex 57.04	Maguey fibre
ex 20.01	Fruit prepared or preserved by vinegar or acetic acid (tropical)	57.05 57.06	Yarn of true hemp Yarn of jute
ex 20.03	Fruit preserved by freezing containing added sugar (tropical)	ex 57.07 57.10	Yarns of manila hemp and maguey fibre Woven fabrics of jute (hessian cloth and sacking cloth)
ex 20.04	Fruit, fruit peel, preserved by sugar (tropical)	57.11	Fabrics of manila hemp and maguey fibre
20.05	Jams, marmalades, fruit jellies, fruit purées and pastes (tropical)	ex 58.02	Other carpets, carpeting, rugs, mats and matting - of jute - of coir
ex 20.06	Fruit prepared or preserved n.e.s. (including canned fruit) - tropical	ex 58.05	Webbing of jute
ex 20.07	Fruit juices, unfermented (tropical)	ex 59.04	Coir cordage and ropes and twine (including manila hemp and maguey fibre)
ex 21.02	A. Extracts, essences or concentrates of coffee B. Extracts, essences or concentrates of tea	ex 62.03 ex 62.04	Jute bags and sacks Tarpaulin of jute
ex 23.04	Vegetable oilcakes	ex 63.02	Old hemp rope cuttings, jute caddies
24.01	Black tobacco		

ANNEX IIDevelopments in Other International OrganizationsFAO

1. The report of the forty-eighth session of the FAO Committee on Commodity Problems (CCP) held in October 1973 (CL61/2) contains, inter alia, a summary of discussions on the reports of intergovernmental commodity groups and subsidiary bodies which had been convened over the preceding twelve-month period. Items discussed by the CCP which are also shown in the indicative list of items (Annex I) include rice, oilseeds, oils and fats, cocoa, tea, bananas, jute, hard fibres, pepper and tobacco. While certain of these groups were more particularly concerned with statistical matters (cocoa), other groups also gave attention to questions relating to problems of barriers to trade (e.g. bananas and oilseeds, oils and fats) and market stabilization (e.g. bananas and tea). Full details of the discussions related to the above commodities may be found in the reports of the FAO bodies concerned which are listed as an attachment to this Annex.

2. In pursuance of UNCTAD Conference Resolution 83(III) and Resolution 7(VII) of the UNCTAD Committee on Commodities, intensive ad hoc intergovernmental consultations on certain products, including rice, jute, oilseeds, oils and fats, hard fibres, bananas, tea and tobacco have been scheduled to take place within the framework of the relevant FAO bodies during the period January/June 1974. In this connexion, consultations on rice were held in January and consultations on jute are scheduled for mid-February.

3. The CCP and the FAO Council have agreed that FAO could make a substantial contribution to the multi-lateral trade negotiations by making available to FAO Member Governments and to the secretariat of GATT, as far as possible, its technical expertise and all relevant information on an informal basis as in the Kennedy Round of negotiations.

UNCTAD

4. Since the adoption of Resolution 83(III) by the third conference of UNCTAD, the work of the Committee on Commodities has, among other things, been directed towards the organization of the intensive ad hoc intergovernmental consultations called for in that Resolution. While some of these meetings will take place in the relevant FAO intergovernmental groups meeting in special session, as indicated in paragraph 2 above, a meeting on coffee is scheduled to be convened jointly by the International Coffee Organization and UNCTAD and a meeting on hides and skins jointly by UNCTAD/FAO during the coming months. Both these items are included in the indicative list of products in Annex I.

International Coffee Agreement

5. The International Coffee Council decided to extend the International Coffee Agreement for a period of two years from 1 October 1973, but without the economic provisions contained in the 1968 Agreement. The Council instructed the Executive Board to establish a suitable programme for the negotiation of a new agreement that may cover a period beyond 30 September 1975. In this connexion, a Working Group for the Negotiation of a New Agreement has been established.

International Sugar Agreement

6. A United Nations Sugar Conference was convened by the Secretary-General of UNCTAD in May and September 1973 to negotiate an International Sugar Agreement to replace the Agreement which expired at the end of 1973. The conference concluded a new Agreement which contains no economic provisions but maintains the continuity of the International Sugar Organization and provides a forum for discussion and the collection and dissemination of information.

International Cocoa Agreement

7. The International Cocoa Agreement negotiated under the auspices of UNCTAD entered provisionally into force on 30 June 1973.