

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

MTN/3F/W/3/Add.5
11 April 1974

Special Distribution

Multilateral Trade Negotiations

GROUP 3(f) - BACKGROUND INFORMATION ON CERTAIN TROPICAL PRODUCTS

BANANAS

Note by the Secretariat

1. The following paragraphs contain information on the main points concerning bananas emerging from the statistical data contained in MTN/3F/W/3. Reference is also made to the tabulations contained in document COM.TD/W/189 where these are relevant.

Recent trends and trade patterns

2. Table IVEL of MTN/3F/W/3 provides details of banana exports by quantity and value for the years 1967 to 1972 inclusive. During this period, world banana exports increased in volume from 5.2 million tons in the former years to 6.9 million tons in the latter, or by about 33 per cent. In dollar value terms, however, banana exports rose by 27 per cent from \$486 million to \$619 million.

3. The development of banana prices for the period 1963-1973 is reflected in the price index contained in Table III.¹ Compared with 100 for the years 1963 and 1964, the index moved downward to 92 in 1968, increasing to 101 in 1970 and after a downward movement to 90 in 1971, rose to 110 in 1973. These movements in banana prices for the period shown in Table III may be compared with the price index for all commodities (excluding fuels) and manufactured goods. Details of movements on a quarterly basis for the years 1971-1973 are also shown.

4. Changes in quantity and value of exports of bananas by exporting country and by region during the period 1967-1972 may be seen from Table IVEL. It would appear that although there has been a marginal increase in the African share of the banana market in dollar value terms, the share of Central America (including the Caribbean) increased by 8 per cent to 58 per cent while the South American share declined by about 7 per cent to 22 per cent.

¹It should be noted that the price index for all primary commodities averages out price movements for a large number of individual commodities sometimes with divergent trends.

5. Thirty countries and territories were each responsible for banana exports valued at \$1 million or more in 1972. Those for which bananas accounted for 10 per cent or over of total export earnings in 1970 included Somalia, Costa Rica, Guadeloupe, Honduras, Martinique, Panama, Windward Islands, Ecuador and certain islands in the Pacific Ocean (Cook, Tonga and Western Samoa) (Table I). Other exporters in value terms of over \$8 million in 1972 included Ivory Coast, Guatemala, Jamaica, Colombia, Brazil and Philippines (Table IVE1).

6. Certain additional information regarding trade at most-favoured-nation and special preferential rates of duty may be obtained from document COM.TD/W/189. It will be noted from Table 1.A that the shares of imports of bananas at m.f.n. duty rates in the total imports of developed countries shown for the period 1964-1970 increased from 76 per cent to 87 per cent. On the other hand, imports into developed countries at special preferential rates of duty declined during the same period from 24 per cent to 13 per cent. More detailed information on trade at m.f.n. and special preferential rates of duty by country of origin for the years 1964, 1967 and 1970 may be found in Tables 1.B and 1.C of COM.TD/W/189.

Consumption

7. Apparent per capita consumption of bananas in certain countries, based on net imports, is shown in Table IVE4 for the periods 1964-1966, 1969-1971 and 1972. This table indicates that consumption per head in developed countries was generally above 8 kilogrammes in 1972, the main exceptions being the United Kingdom (5.6 kgs.), Italy (6.5 kgs.) and Finland (6.5 kgs.). The North American market which accounted for about one third of total banana imports by value in 1970 appears to have registered a reduction in per capita consumption when compared with the 1964-1966 period. Since the removal of import restrictions by Japan, consumption per head in that country has increased from 3.8 kgs. during the period 1964-1966 to 10 kgs. in 1972.

8. Consumption of bananas over the period shown in the countries of Eastern Europe has generally been of a significantly lower order of magnitude, varying in 1972 from 0.1 kilogramme per head in the USSR to 5.8 kilogrammes in the Democratic Republic of Germany. It may be noted that in this latter market, per capita consumption more than doubled from the apparent 2.3 kilogrammes during the period 1969-1971 to 5.8 kilogrammes in 1972.

9. No clear pattern of consumption appears to emerge in respect of the developing countries shown in the table. Certain markets, however, have registered relatively high levels of offtake (e.g. Spain, Chile and Libya) while others (e.g. Tunisia, Algeria and Iraq) are shown to have consumed less than 1 kg. per head. Consumption per head in the developing countries listed in the table has nevertheless remained well above consumption in most countries of Eastern Europe.

Tariffs

10. The information shown in Table IIEa on tariffs applied in developed countries, indicates that banana imports are subject to duties in the EEC, Australia, New Zealand, Switzerland and Japan. Duty-free treatment is accorded banana imports in the Austrian GSP scheme, and New Zealand has reduced her m.f.n. duty by 50 per cent under the GSP arrangement. Canada has provided duty-free treatment to banana imports on a temporary basis although it is understood that this provision is scheduled to expire on 30 June 1974. With regard to the EEC duty of 20 per cent¹, the Federal Republic of Germany permits entry within a duty-free tariff quota approximately equal to domestic consumption in accordance with the terms of the relevant Protocol annexed to the Treaty of Rome. Duty-free treatment is accorded banana imports from the Associated African States and the East African Community in the EEC market.

11. While comprehensive statistical details were unavailable for dried bananas and banana flour, information on tariffs in developed countries is shown in Tables IIEb and IIEc. Taking into account m.f.n. rates of duties and action taken under GSP schemes, duties continue to be applied to both items in the EEC, Australia, New Zealand, Switzerland and the United States, although for the last-mentioned country, the two products are included in the illustrative list of items which may be subject to duty-free treatment in the proposed GSP scheme of the United States. The Swiss duty on banana flour is increased when imported in containers of 5 kilogrammes or less. Whereas dried bananas are granted duty-free treatment under the Austrian GSP scheme, banana flour is permitted entry under the GSP at a reduced duty rate.

Internal taxes

12. Details of internal taxes are shown in Tables IIEa-IIEc. The main feature indicated in the tabulations is the selective tax applied by Italy to imports of bananas and banana flour at rates of Lit 110 and Lit 350 per kilogramme respectively.

Other non-tariff measures

13. The maintenance of import restrictions on fresh and dried bananas by France, Italy, the United Kingdom and Finland (fresh) is indicated in Tables IIEa and IIEb. While fresh banana imports into Finland are not subject to duty, there is a seasonally adjusted import tax which is estimated to range between 27 and 84 per cent ad valorem on the basis of 1971 data.

¹For a summary of the transitional duty arrangements of Denmark, the United Kingdom and Ireland, see page 4 of MTN/3F/W/3.

Action in other international organizations

14. The FAO Intergovernmental Group on Bananas, together with its Sub-Group on Statistics, has provided a continuing forum for the discussion and examination of matters relating to the world banana economy.

15. The question of market access has been among the matters given attention by the Intergovernmental Group. At its last meeting in July 1973, the Group referred to the consensus reached in 1967 and agreed, inter alia, that market access should be improved by the gradual elimination of those tariffs and quantitative restrictions on imports of bananas and internal taxes which restrain consumption, taking fully into account the special position of certain less-developed banana exporting countries and provided that these measures did not entail the risk of jeopardizing the position of certain producing countries.

16. A Sub-Group of Exporters was established in 1972 to consider the problems associated with supply/demand imbalances and depressed world prices being experienced by the banana trade. In this connexion, the Intergovernmental Group has agreed that the Sub-Group should present it with proposals aimed at achieving prices which are remunerative to producers and fair to consumers so as to reduce excessive price fluctuations and improve the income from bananas of producing countries.

17. The Group also agreed that member governments should co-operate in intensive consultations on bananas which are scheduled for May 1974 on the basis of UNCTAD resolutions 83(III) and 7(VII).