

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Limited Distribution

Special Group on Trade in Tropical Products

DISCUSSIONS OF PROBLEMS RELATING TO OILSEEDS AND VEGETABLE OILS IN GATT AND IN OTHER ORGANIZATIONS

Note by the Secretariat

1. At its thirteenth session the Committee on Trade and Development requested the Special Group on Trade in Tropical Products to ascertain whether, and to what extent, from the point of view of liberalization of exports, problems relating to groundnut oil and other vegetable oils of particular export interest to developing countries were under examination in other organizations such as the Food and Agriculture Organization and in other GATT organs, and what findings or conclusions this work had led to (COM.TD/65, page 2).

GATT Agriculture Committee

2. The GATT Agriculture Committee was established by the Council of Representatives in December 1967 in pursuance of the conclusions of the twenty-fourth session. Its task is to examine the problems in the agricultural sector and to explore the opportunities for making progress in the attainment of the objectives of the General Agreement in the agricultural field. The examination, which covers all agricultural products important in international trade and all relevant elements of agricultural trade and production policies, is to prepare the way for subsequent consideration of positive solutions which could be mutually accepted by all contracting parties concerned. Oilseeds and vegetable oils are among the products on which the Committee has agreed to concentrate from the outset. The Committee has agreed on a work programme in three stages:

- (a) the assembly of documentation so as to clarify the existing situation with respect to the products under examination;
- (b) the identification of the principal problems affecting international trade in these products; and
- (c) the discussion of the means whereby mutually acceptable solutions could be achieved.

3. Having completed the first stage, the Committee has entered the second stage of its work which is being carried out on the basis of a detailed outline adopted in October 1968 (COM.AG/11, paragraph 17). At its meeting in March 1969, the Committee accordingly examined the structure of international markets for the eight commodity sectors; the measures and mechanisms influencing exports and imports in these sectors, with a view to identifying the repercussions of such measures and mechanisms (e.g. export subsidies, two-price systems, monopolies, tariffs, levies, minimum price systems, quantitative restrictions) upon international markets. The Committee has also examined various aspects of agricultural production policies. In order to allow the second stage of the work programme to be completed, certain additional data are being provided by members of the Committee and will subsequently be issued by the secretariat in an appropriate form.

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FAO and UNCTAD

4. The FAO Study Group on Oilseeds, Oils and Fats, which is serviced jointly by FAO and UNCTAD, held its fourth session in Rome in December 1968. The items on its agenda were trade liberalization measures, compensatory arrangements, internationally financed food aid, buffer stocks and market studies. The selection of these items for further action had been endorsed by the Second UNCTAD.

5. A paper on trade liberalization presented by the Joint Secretariat makes the following points:

- (i) Non-tariff barriers resulting from production and export policies of other countries are a major obstacle facing all developing exporters and the reduction of these barriers would ease the problems facing the latter group of countries.
- (ii) Most countries maintain tariffs on oils for the protection of their own crushing industries and, in some cases, those of preferred suppliers. These tariffs are a substantial barrier to oil exports especially from those countries which do not have free entry to the markets concerned.
- (iii) Tariffs on oilseeds are not generally used as a major instrument of protection for producers in developed countries. While a number of countries have abolished them, some countries still maintain such tariffs and their removal would appear to be a necessary prerequisite for the removal of the tariffs on oils in the countries concerned (cf. CCP:OF 68/5/1).

6. The Group agreed that although it did not appear realistic to envisage the immediate removal of all barriers to trade in oilseeds, oils and fats, there were opportunities for liberalization measures which could contribute to an improvement of trading prospects. The developed countries declared their readiness to examine further what concrete steps could be taken in the light of the information that was provided by the Joint Secretariat. These points are made in paragraphs 11-20 of the Report of the Fourth Session of FAO Study Group on Oilseeds, Oils and Fats, 1968 (CCP:69/3).

7. The other items on the agenda were discussed and the Group has agreed to continue its examination of these problems in the light of further information to be provided by the secretariat and the views expressed at the meeting. The Group has also agreed to include oilcakes as an item on its agenda and has asked the secretariat to prepare a paper for its next meeting.

8. The Second UNCTAD had also recommended that consideration be given by the Secretary-General of UNCTAD and the Director-General of FAO to the necessity of setting up an Intergovernmental Consultative Committee on Oilseeds, Oils and Fats (Resolution 16 II C). The FAO Study Group considered draft terms of reference for such a Consultative Committee at its fourth session but postponed a decision on the matter. Discussions on this are summarized in paragraphs 46 to 56 of its report (CCP:69/3).