

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TD/18
17 March 1966

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Committee on Trade and Development

IMPLEMENTATION OF THE 1963 MINISTERIAL CONCLUSIONS ON TRADE IN TROPICAL PRODUCTS

Note by the Secretariat

1. At its last meeting the Committee on Trade and Development asked the secretariat to draw up a paper showing action taken so far by governments in pursuance of the Ministerial Conclusions of 1963 relating to trade in tropical products. It may be recalled that information of this nature was included in a note attached to the report of the Chairman of the Action Committee in November 1964 (L/2307/Add.1, pp.7-12). The present paper follows the same pattern as that note, and covers the period up to February 1966. It is based on information available to the secretariat and is circulated subject to correction by the contracting parties concerned.
2. The Ministerial Conclusions contain a number of general conclusions on trade in tropical products as well as certain specific provisions relating to individual products. The general conclusions (a) re-affirmed the objective of free access to markets, (b) stressed the problems of instability of prices and inadequacy of earnings, (c) stipulated a standstill on the erections of new barriers, (d) urged the removal of revenue duties and internal charges by 31 December 1965, and (e) decided on using the forthcoming GATT trade negotiations for dealing with barriers and restraints (see paragraph 10 of the Conclusions in BISD, 12th Supplement, page 41). The specific provisions are referred to in the appropriate commodity sections below. In addition, account should be taken of points (iii) and (vi) of the Action Programme embodied in the Ministerial Conclusions, relating to duty-free entry for tropical products, and the progressive reduction of internal fiscal charges and revenue duties (paragraph 1 of the Conclusions, ibid., p.37).
3. This paper includes information on import duties, internal charges, import restrictions on the six tropical products covered by the Ministerial Conclusions, in all industrial countries in GATT. It should be noted, however, that the "general conclusions" on tropical products and the specific conclusions relating to cocoa, coffee, tropical oilseeds and oils and bananas were not accepted by the Ministers of the EEC and the States associated with the Community. The position of these countries was noted in paragraphs 11, 14 and 21 of the Conclusions (BISD, 12th Supplement, pp. 41-44).

4. With regard to point (e) of the general conclusions it may be noted that many developed countries have stated their intention to take action in the field of tropical products in the context of the Kennedy Round. In particular, the Nordic countries have put forward proposals for concerted action for reduction or removal of barriers on trade in tropical products. Such proposals are being discussed in the Group on Tropical Products of the Trade Negotiations Committee.

Tea

5. Paragraph 22 of the Conclusions stated that the Ministers agreed that customs duty on tea should be removed with the least possible delay and if practicable before the end of 1963; they recognized also the need for ensuring that the removal of the duty was not nullified by increases in internal taxes. They hoped that internal taxes on tea would be removed as soon as possible (ibid., p.44).

6. As may be seen from the analysis below, duties on tea have been removed or suspended in almost all industrialized countries. In some instances the legislative approval may still be pending.

7. Duties on tea have been removed in Canada, Denmark, Norway, Sweden, Switzerland, and have been suspended in the United Kingdom and Czechoslovakia. In the case of the EEC and Austria duties have been suspended on the import of tea in bulk, but duties at the rate of 5 per cent and 4-8 per cent, respectively, are in force for tea in small containers; these represent rates in force since the partial suspension previously reported in the Action Committee in 1964. Finland has initiated action to provide duty-free entry for tea in bulk and to reduce the duty on tea in containers from 22 to 10 per cent, but no notification has been received of the completion of this action. No action seems to have been taken by Japan with regard to its import duty (35 per cent ad valorem). No import duties have existed (since before the product came under examination in Committee III) in the United States.

8. As regards internal charges the Federal Republic of Germany levies a tax of DM4.15 per 100 kilogrammes (equivalent to about 71 per cent ad valorem), and France a tax of Fr.183 per 100 kilogrammes (equivalent to about 25 per cent ad valorem for black tea and about 30 per cent ad valorem for green tea).

9. Imports of black tea are subject to quota restrictions in Japan.

Tropical Timber

10. The Ministers agreed that customs duty on tropical timber should be removed with the least possible delay and, if practicable, before the end of 1963 (ibid., p.44).

11. Duties on this group of products have been removed or suspended in almost all the industrialized countries. They have been removed by Switzerland, and suspended by the EEC, the United Kingdom and Czechoslovakia. In the case of Japan, duties have been removed on all except a few types of semi-processed timber. No notification has been received as to whether the action initiated by the United States to remove duties on tropical timber has been completed; while the bulk of imports into the United States is duty-free, duties up to 7 per cent still apply to certain semi-processed timber. No duties have existed (since before these products came under examination in Committee III) on imports into Austria, Denmark, Finland, Norway and Sweden.

Cocoa

12. Ministers, other than those of the EEC and the Associated States, agreed, inter alia, that:

"... internal charges and other non-tariff barriers in respect of raw and semi-manufactured cocoa should be removed by joint action, and wherever possible, by the end of 1963", and "... the removal of tariffs in respect of raw and semi-processed cocoa should be accomplished in the context of a cocoa agreement ..." (BISD, 12th Supplement, page 42).

13. With regard to the latter point, such an agreement is still under discussion in the United Nations and a conference is envisaged for 1966.

14. Czechoslovakia has suspended its import duties both on raw cocoa and on cocoa products. Austria has suspended the import duty on raw cocoa beans. The EEC has partially suspended the duties on raw cocoa and the resulting rate of 5.4 per cent has not been changed. The Swedish Government has submitted a proposal to Parliament for the total removal of the duty on raw cocoa and for a reduction in the duties on cocoa butter and cocoa powder. At present the following import duties are in force:

	Raw Cocoa	Cocoa, semi-processed
	(per cent ad valorem)	(per cent ad valorem)
EEC		20-27
Austria		14, 16 and 23
Denmark		0-7
Finland	48	6-75
Norway		0-28
Sweden	6	6-4
Switzerland	0.4	1-50
United Kingdom	15 (MFN)	0.5-2
United States		2-6
Canada	5 (MFN)	4-22.5
Japan	5	30

15. No import duties have existed on raw cocoa (since before the product came under examination in Committee III) in Denmark, Norway and the United States.

16. As regards internal charges the following are in force:

France Fr.8.50 per 100 kg.

Italy Lire 312.50 " kg.

Denmark Kr.1.80 " kg.

Japan 10 per cent ad valorem on cocoa powder only.

Imports of unsugared cocoa powder in small containers are subject to quota restriction in Japan.

Coffee

17. Ministers, other than those of the EEC and the Associated States:

- (a) "agreed that tariffs, internal charges and other non-tariff barriers in respect of coffee should be removed by joint action, and wherever possible by the end of 1963;

- (b) "recognized that the proposed GATT trade negotiations would be given an opportunity to eliminate all remaining barriers affecting trade in coffee" (BISD, 12th Supplement, page 43).

18. Norway has removed its duties, and Austria and Czechoslovakia have totally suspended their duties on raw coffee. A proposal is now before the Swedish Parliament for the reduction of duties on unroasted coffee from 45 to 20 öre per kilogramme as from 1 July 1966. The duty applicable as a result of the partial suspension of the duty on imports by the EEC remains unchanged. The rates of duty on raw coffee at present in force are:

EEC	9.6	per cent
Denmark	33	per cent
Finland	56	per cent
Switzerland	16	per cent
United Kingdom	3	per cent (MFN)
Canada	6	per cent (MFN)
Japan	10	per cent

19. Czechoslovakia has totally suspended its duties also on roasted coffee. There has been no change in the situation reported previously with regard to the partial suspension of duties applicable to imports of roasted coffee into Austria. The present duty rates are:

Austria	10-20	per cent
EEC	25	per cent
Denmark	23	per cent
Finland	76	per cent
Norway	12	per cent
Sweden	7.5	per cent
Switzerland	20	per cent
United Kingdom	2	per cent (MFN)
Canada	6	per cent (MFN)
Japan	35	per cent

20. No import duty on coffee has existed (since before Committee III) in the United States.

21. As regards internal taxes, the present situation is as follows:

	Raw Coffee	Roasted Coffee
Fed. Rep. of Germany	DM.360/100 kg.	DM.480/100 kg.
France	Fr.142.50/100 kg.	...
Italy	L.500/kg.	L.690/kg.
Japan	10% ad. val.	10% ad. val.

22. Imports of coffee are subject to licensing control in Denmark* and France, and those of coffee beans are subject to quota control in Japan.

Tropical Oilseeds and Oils

23. Ministers, other than those of the EEC and the Associated States, agreed, inter alia, that "governments ... should consider the desirability of including the problems ... in the framework of the GATT trade negotiations and in international discussion on internal agricultural prices and production policies ... [governments should] in framing their agricultural policies ... duly take into account the predominant importance attached by less-developed countries to maintaining and increasing their exports of these products unhampered by trade barriers". The Ministers of the EEC and the Associated States stated, inter alia, that "governments should, in framing their agricultural policies ... duly take into account the predominant importance attached by less-developed countries to maintaining and increasing their exports of these products". (BISD, 12th Supplement, page 43)

Tropical oilseeds

24. Czechoslovakia has suspended duties on all such products. No duties on these products have existed (since before Committee III) in the EEC, Austria, Denmark, Norway and Canada. At present the following duty rates are in force on copra, palm kernels and groundnuts:

Finland	44-78	per cent
Switzerland	0.1-0.2	per cent
United Kingdom	10	per cent
United States	0.0-4.9	per cent
Japan	0-10	per cent

* Restrictions apply to imports from certain countries only.

Tropical vegetable oils

25. Czechoslovakia has suspended the duties on all such products. No duties have existed (since before Committee III) on imports into Sweden. The EEC has reported that it has reduced the duty on castor oil intended for certain purposes from 8 to 7 per cent and suspended the duties on tobacco seed oil, crude (old rate: 5 per cent) and tobacco seed oil, other (8 per cent). The present duties on coconut oil, palm oil, palm-kernel oil and groundnut oil are as follows:

EEC	5-15	per cent
Austria	0-12	per cent
Denmark	0-5	per cent
Finland	96-179	per cent
Norway	0-8	per cent
Switzerland	1-10	per cent
United Kingdom	10-15	per cent (MFN)
United States	0-33	per cent
Canada	0-20	per cent (MFN)
Japan	10-20	per cent

26. The following import restrictions are in force on seeds and oils:

Denmark	Rapeseed, whole or broken	quota restriction
Germany, Fed. Rep. of	Fatty oils, not crude, for food, except olive oil in small containers	global quota*
Italy	Soyabean oil	licensing control*
Japan	Peanut, rapeseed, and mustard seed	global quota
	Oils of cottonseed, soyabean, peanut, rapeseed, mustard, corn, safflower and sunflower	global quota
United States	Peanuts	global quota

* Restrictions apply to imports from certain countries only.

Bananas

27. The Ministers agreed, inter alia, "that each consuming country should consider possibilities to increase the consumption of bananas ...". Subject to the reservation by the EEC and the Associated States, Ministers agreed, inter alia, that "governments ... should make an effort to enlarge their markets for bananas on a universal basis" (BISD, 12th Supplement, page 43).

28. Finland has reduced the duty from 103 per cent to approximately 90 per cent. Norway has removed the duty on imports of bananas. No duty has existed (since before the product has been brought under examination) for imports into Austria and the United States. A proposal has been put before the Swedish Parliament for the removal of duties on imports as from 1 July 1966. The present import duties are as follows:

EEC	20 per cent
Denmark	5 per cent
Switzerland	26 per cent
United Kingdom	14 per cent (MFN)
Canada	7 per cent (MFN)
Japan	70 per cent

29. On 1 January 1965, Italy replaced the State monopoly on trade in bananas with import restrictions accompanied by a tax of 70 lire per kilogramme on fresh bananas and 350 lire per kilogramme on dry bananas and banana flakes. Imports of bananas into the United Kingdom from certain countries are subject to quota restriction. Imports of bananas into France are subject to licensing control.

