

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED
MTN/3F/W/18
27 September 1974
Special Distribution

Multilateral Trade Negotiations

GROUP 3(f) - PRICE DEVELOPMENTS

Note by the Secretariat

1. In the course of the statistical and analytical work which has been undertaken by Group 3(f), reference was made to price developments affecting certain tropical products on the basis of a table containing an index of annual price movements for selected tropical products, all primary products and manufactured goods for the period 1953-1973 (MTN/3F/W/3/Add. 7).

2. Having regard to the earlier discussion in Group 3(f) in the course of which a number of delegations stressed the need for appropriate arrangements concerning prices, an attempt has been made in the following paragraphs to summarize the main developments which have taken place in recent months in terms of discussions and proposals made in other international bodies concerning this matter.

Cocoa

3. Against the background of supply availabilities and price developments in the field of cocoa, the International Cocoa Council, at its meeting in August 1974, revised upward the price range initially established for cocoa at 23-32 US cents per pound to 29.5-38.5 cents per pound. Current market prices for cocoa are well above the new maximum and neither the export quotas nor the buffer stock provisions of the agreement are at present in operation.

Coffee

4. As reported in MTN/3F/W/3/Add.2 a Working Group on the negotiation of a new agreement was established by the Coffee Organization to examine all the issues relating to the negotiation of a new agreement and to report by 30 September 1974. The consideration of future action in this regard is expected to be taken up at a meeting of the International Coffee Organization during the period 16-27 September 1974.

./.

Tea

5. At the Special Session of the FAO Intergovernmental Group on Tea, held in June 1974 under the auspices of UNCTAD and FAO, unanimous support was given to an exporter's request for the establishment of a Working Group to examine in depth the technical feasibility and economic advantages and disadvantages of the following elements of a multi-dimensional arrangement for tea: a minimum export price arrangement below which exports would not be permitted; market co-ordination and regulation to avoid a build-up in stocks; intensification of and co-operation in global promotion; rationalization of marketing to achieve the most favourable prices, with special reference to the feasibility of expanding auctions in producing countries; and provision for an independent market intelligence service for tea.

Bananas

6. At the Special Session of the FAO Intergovernmental Group on Bananas convened in May 1974 under the auspices of UNCTAD and FAO, concern was expressed at the decline in "real" prices for this commodity. The special session noted the intention of the Intergovernmental Group to continue to seek ways of dealing with the fundamental problems of prices and costs confronting banana producing countries. It noted that a Working Party of the Sub-Group of Exporters was to be convened to formulate specific proposals on ways to achieve the desired price and other objectives set out in the Bremen declaration adopted at the July 1973 meeting of the Group. This declaration relates, inter alia, to improved market access through the removal of trade barriers including internal taxes; adjustment of production to market requirements to achieve stable, equitable and remunerative prices; and the promotion of consumption.

7. It might be mentioned that intensive Intergovernmental Consultations dealing also with price aspects have taken place under the auspices of UNCTAD and FAO with respect to a number of other tropical items (e.g. vegetable oilseeds and oils) and certain agricultural raw materials. Consideration was also given to commodity pricing problems, including possibilities for buffer stocks and indexation, at the recent meeting of the UNCTAD Trade and Development Board.

8. Delegations may wish to offer comments and suggestions with respect to recent developments in the consideration of possible approaches to pricing arrangements relating to tropical products, having regard to the relevant provision of the Tokyo Declaration.