

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG6/W/2/Rev.1
25 February 1988
Special Distribution

Group of Negotiations on Goods (GATT)

Negotiating Group on Tropical Products

TROPICAL PRODUCTS: BACKGROUND MATERIAL FOR NEGOTIATIONS

Tropical Beverage Items (Coffee, Tea and Cocoa)

Note by the Secretariat

Table of Contents

	<u>Page</u>
Introduction	
SECTION I: Tariff situation, trade flows and consumption	3
A: Coffee and processed coffee	3
B: Tea and processed tea	14
C: Cocoa and cocoa products	16
SECTION II: Non-tariff measures	23
A: Quantitative restrictions	23
B: Selective internal taxes	23
C: Other notified non-tariff measures	26
SECTION III: Activities of other international organizations	27
ANNEX: ¹ Tariff and trade flow data at the tariff line level	

¹ Issued as MTN.GNG/NG6/W/2/Add.1/Rev.1.

Introduction

1. At the first meeting of the Negotiating Group on Tropical Products held on 26 February 1987, there was general agreement that the work in the initial phase should start on the basis of the seven product groups selected for the purpose of the consultations on tropical products held in the Committee on Trade and Development in 1982-84, in the understanding that this would not constitute a definition of tropical products nor an exhaustive listing and that other products might be included as negotiations proceed. As a first step in compiling background material for negotiations the Group agreed that the secretariat should be invited to update and revise the background documentation prepared for the 1982-84 consultations, including as appropriate data on the new Harmonized System of tariffs, so as to provide the Group with a summary of current trade flows and the tariff and non-tariff measures relating to the seven individual product groups covered by the consultations.

2. This document provides background material for negotiations with respect to one of the seven product groups covered by the 1982-84 consultations - tropical beverage items, i.e. coffee, tea and cocoa in unprocessed and processed forms. This document covers the eleven developed country markets as in the background documentation prepared for the consultations. As far as tropical beverage items are concerned, any additional information that the Group might wish to have included as background material will be circulated as addenda to this document.

3. Section I includes tables which show the current tariff situation according to the new Harmonized System classifications. This section also includes an overview of the tariff situation and trade flows. Section II provides information on non-tariff measures and Section III documents the activities of other international organizations relevant to this product group.

4. With respect to the eleven markets referred to above, MTN.GNG/NG6/W/2/Add.1/Rev.1 provides tariff and trade flow data extracted from the 1984 Tariff Study files. These data are presented according to tariff classifications used before the adoption of the Harmonized System. With respect to pre-HS tariff items the secretariat has added corresponding new HS-based tariff item numbers and tariff rates. It is expected that these data will help identify broadly, if not precisely, major suppliers and the amount of trade involved with respect to new HS-based tariff items.¹

¹ A number of participants in the Uruguay Round including developed countries have adopted new tariff schedules based on the Harmonized System. The United States and Canada have adopted an internationally standardized tariff nomenclature for the first time. However, it may be noted that import data according to HS-based tariff items will not be available before 1989 or 1990. Thus, there is no other choice but to use the latest available import data for 1984, which are presented according to pre-HS tariff classifications, i.e. CCCN, TSUS or CTS.

SECTION I: Tariff situation, trade flows and consumption

5. Tables 1, 2 and 3 show the current tariff situation of eleven developed country markets with respect to coffee, tea and cocoa, respectively. The MFN and GSP rates indicated in these tables are new rates based on the Harmonized System. Tariff data in the tables are presented in a way to show the tariff escalation as clearly as possible. Tariff rates other than MFN and GSP rates are indicated in MTN.GNG/NG6/W/2/Add.1.

A. Coffee and processed coffee

(1) An overview of the tariff situation

6. With respect to all coffee and processed coffee items, the United States, Canada, Norway and Sweden provide developing countries duty-free treatment on an MFN basis or under the GSP.¹ Australia provides developing countries duty-free treatment except for coffee extracts and preparations. With respect to unroasted coffee, Japan, Austria and New Zealand provide developing countries duty-free treatment, but they maintain tariffs on processed coffee. The EEC, Finland and Switzerland maintain duties on raw coffee for revenue purposes or for certain other reasons. These countries and markets also apply higher tariffs on processed coffee for the protection of their processing industries.

7. Portugal and Spain have been members of the EEC since 1986. As a result, these countries are aligning, step-by-step, their MFN duties to the EEC common external duties. Thus, these countries' MFN duties on coffee and processed coffee are being reduced except for some cases where their duty rates were the same as EEC rates or lower than EEC rates. Portugal's duty on decaffeinated unroasted coffee is being increased. These two countries have also adopted the EEC's GSP scheme and special preferences with certain transitional arrangements.

8. The EEC, under its GSP scheme for 1987, has reduced its duties on unroasted and roasted coffee by 0.5 percentage point. In adopting the Harmonized System, Australia has eliminated its duties on "coffee other than that imported under by-law".

(2) An overview of the trade flow situation and consumption

9. Table 4 shows imports and exports of coffee in 1983, 1984 and 1985. World Coffee imports increased moderately in the period due mainly to increasing imports by the United States, Japan, Republic of Korea, Hong Kong, Singapore, Poland, Switzerland and some EEC member countries. Imports into other markets stagnated. According to the FAO Trade Yearbook, the developed countries were responsible for 91 per cent of world coffee

¹The expression "provide developing countries duty-free treatment" is used throughout this section to provide a succinct picture of the tariff situation affecting exports from developing countries. Details of such treatment, i.e. whether "duty-free" is on an MFN basis or under the GSP, are shown in Tables 1-3.

Explanatory Notes to Tables 1-3

Symbols used in the tables

* = MFN tariff reductions and GSP improvements after the 1982-84 consultations on tropical products (to the extent that information is available at the secretariat)

MFN rate (under the HS-based tariff - effective 1 January 1988, except the United States having delayed its adoption)

B = MFN rate fully bound

P = MFN rate partially bound

U = MFN rate not bound

A = MFN rate applied actually on a temporary basis or otherwise

Examples: (a) 0%B,) Two bound rates at zero and 10 per cent on 10%B) the HS item.

(b) 10%B,) MFN rate is bound at 10 per cent, but a rate of 8%A) 8 per cent is actually applied on the HS item.

GSP rate (under the HS-based tariff - effective 1 January 1988, except the United States having delayed its adoption)

Blank space means that as the MFN rate is already zero, GSP is irrelevant.

- = no GSP treatment for MFN dutiable item

(...%) = GSP rate whose application is subject to quantitative limitations (i.e. ceiling or quota)

- Notes:
1. Information on country limitations for the GSP application is given in footnotes.
 2. Tariff rates other than MFN and GSP rates have been made available in MTN.GNG/NG6/W/2/Add.1.
 3. "No GSP treatment" includes the cases where the GSP rate, though it remains on domestic legislation or regulation, no longer offers a preferential margin as a result of the reduction of the relevant MFN rate to or below the GSP rate.
 4. Unless otherwise qualified, a single GSP rate indicated against two or more MFN rates means that all indicated dutiable MFN rates have been covered by the GSP rate indicated.

Table 1

Coffee and Processed Coffee

Sveden OX (all items)

H.S. Code No. (CCCN)	Harmonized commodity description		United States	Canada	Japan	EEC	Aus- tria	Fin- land	Nor- way	Swit- zer- land	Aust- ralia	New Zea- land
0901 0901.11 (0901)	Coffee: Coffee, not roasted: - not decaffeinated	MFN	OXB	OXB	OXB	5XB	12XB	3.8XB	OXB	Sw F 0.50/ kg.B	2XU	OXB
		GSP				4.5X ^a	OX	-		-	OX	
0901.12 (0901)	- decaffeinated	MFN	OXB	OXB	OXB	13XB	12XB	3.8XB	OXB	Sw F 0.76/ kg.B	2XU	OXB
		GSP				8.5X ^a	OX	-		Sw F 0.63/ kg. B	OX	
0901.21 (0901)	Coffee, roasted: - not decaffeinated	MFN	OXB	4.41¢/ kg.B	20XB	15XB	15XB, 19.5XB ⁴	16XB	NOK 0.50/ kg.B	Sw F 0.90/ kg.B	2XU	25XB
		GSP		OX	-	11.5X ^a	12X, 15.6X ⁴	-	OX	Sw F 0.63/ kg. B	OX	10X
0901.22 (0901)	- decaffeinated	MFN	OXB	4.41¢/ kg.B	20XB	18XB	15XB, 19.5XB ⁴	16XB	NOK 0.50/ kg.B	Sw F 0.90/ kg.B	2XU	25XB
		GSP		OX	-	12.5X ^a	12X, 15.6X ⁴	-	OX	Sw F 0.63/ kg. B	OX	10X
ex2101.10 (2102)	Extracts, essences and concentrates of coffee	MFN	OX ¹	15.43¢/ kg.U	2/	18XB	12XB, 15.6XB ⁵ 6/	9XB	NOK 0.20/ kg.B	Sw F 2.60/ kg.B	\$0.66 /kg.B	30XU ⁹
		GSP		OX	2/	9X ^{3/}	6X 7.8X ⁵	OX	OX	Sw F 1.70/ kg. B	\$0.66 /kg.B less 5%	24X
ex2101.10 (2102)	Preparations with a basis of these extracts, essences and concentrates or with a basis of coffee	MFN	10XB	15.43¢/ kg.U	2/	18XB	524.5/ kg.U (16.8X) 7/	9XB	15XB	Sw F 2.60/ kg.B	As above	30XU ⁹
		GSP	OX	OX	2/	-	512/kg. (8.2X) 7/	OX	OX	Sw F 1.70/ kg. B	As above	24X ¹⁰

Footnotes to Table 1

¹ Duty-free treatment has not been bound for soluble or instant coffee, containing no mixture.

² (a) Extracts, essences and concentrates of coffee and preparations with a basis of these extracts, essences and concentrates:

(1) with added sugar - 30%B, 24%A, GSP 15%

(2) Other:

(a) instant coffee 17.5%B, 14%A*,

(b) Other - 25%B, 16%A*, GSP 0%

(b) Preparations with a basis of coffee:

(1) with added sugar

(a) with sugar less than one-half in weight:

(i) with sugar being the most important ingredient -
35%B, 28%A

(ii) Other - 35%U, 28%A

(b) Other - 35%B

(2) Other - 25%U

³ Within a Community tariff quota of 19,200 tonnes for soluble coffee in 1987 (see EC Official Journal L373, page 130 for details). Different rates apply to GSP imports into Portugal and Spain. There is no quota limitation for GSP imports of essences and concentrates of coffee.

⁴ In immediate packings of a content of 5 kg. or less

⁵ Solid coffee extracts in immediate packings with a content of 1 kg. or less.

⁶ Liquid coffee extracts; essences and concentrates of coffee
\$24.5/Kg.U, GSP \$12/Kg. .

⁷ Preparations with a basis of coffee 32%, minimum \$3/Kg U, no GSP.

⁸ These GSP rates are not applicable to Brazil,

⁹ Bound at 35 per cent.

¹⁰ "Coffee pastes" consisting of mixtures of ground, roasted coffee, with vegetable fats and sometimes other ingredients.

Table 2
Tea and Processed Tea

Finland and Sweden OZB (all items)

H.S. Code No. (CCCN)	Harmonized commodity description		United States	Canada	Japan	EEC	Austria	Norway	Switzerland	Australia	New Zealand
0902.40 (0902)	Black tea (fermented) and partly fermented tea in immediate packings of a content exceeding 3 kg.	MFN	OZB	13.23d/ kg.B OZA	5ZA, 1/	OZB	OZB	OZB	OZB	OZB	OZB
		GSP			2.5% Black tea						
0902.30 (0902)	Black tea (fermented) and other partly fermented tea in immediate packings of a content not exceeding 3 kg.	MFN	OZB	13.23d/ kg.B OZA	20ZB	5ZB	10ZB	OZB	OZB	OZB	OZ*U ⁴
		GSP			14% Black tea	OZ	OZ				
2101.20 (2102)	Extracts, essences and concentrates of tea	MFN	OZB	13.23d/ kg.B OZA	2/	12ZB	24ZB	OZB	Sw F 2.70/ kg.B	2ZU	OZ*U ⁵
		GSP			2/	OZ	OZ		OZ	OZ	
(2102)	Preparations with a basis of these extracts, essences or concentrates or with a basis of tea	MFN	10ZB	13.23d/ kg.B OZA	2]	12ZB	24ZB 3/	15ZB	Sw F 2.70/ kg.B	2ZU	OZ*U ⁵ 30ZU ⁶
		GSP	OZ		2]	OZ	OZ 3/	OZ	OZ	OZ	20Z ⁶

¹ Waste, unfit for beverage OZB; other than black tea 20ZB.

² (a) Extracts, essences and concentrates, and preparations with a basis of these extracts, essences or concentrates

(1) instant tea - 20ZB, 16ZA*, GSP 8Z

(2) other - 16ZB, 12.8ZA*, GSP 8Z*

(b) Preparations with a basis of tea

(1) with added sugar - 35ZP 28ZA (with sugar less than one-half in weight)

(2) other - 25ZU

³ Preparations with a basis of tea 32Z minimum \$ 3/Kg U, no GSP

⁴ Black tea in packages of 2.26 kg. net weight or less - bound at 10 per cent.

⁵ Bound at 25 per cent.

⁶ Preparations consisting of a mixture of tea, milk powder and sugar.

Table 3
Cocoa and Cocoa Products

H.S. Code No. (CCCN)	Harmonized commodity description		United States	Canada	Japan	EEC	Austria	Finland	Norway	Sweden	Switzerland	Australia	New Zealand
1801.00 (1801)	Cocoa beans, whole or broken, raw or roasted	MFN	0%B	0%B	0%B	3%B	raw 4%B other 6%B	raw 0%B other 5%B	0%B	0%B	0%B	2%U	0%B
		GSP				-	0%	0%				0%	
1802.00 (1802)	Cocoa shells, husks, skins and other cocoa waste	MFN	0%B	0%B	0%B	3%B	\$1.25/kg.U	0%B	0%B	0%B	Sw F 0.01/kg.U	2%U	0%B
		GSP				-	0%				0%	0%	
1803.10 (1803)	Cocoa paste, whether or not defatted: - not defatted	MFN	0%B	0%B	10%B	15%B	15%B	3.8%B	0%B	0%B	Sw F 0.40/kg.B	0%B	25.5%B
		GSP			5%	11%	0%	0%			0%		15%
1803.20 (1803)	- wholly or partly defatted	MFN	0.82\$/kg.B	0%B	20%U	15%B	15%B	3.8%B	0%B	0%B	Sw F 0.40/kg.B	0%B	25.5%*U
		GSP	0%		10%	11%	0%	0%			0%		15%
1804.00 (1804)	Cocoa butter, fat and oil	MFN	0%B	0%B	2.5%B	12%B	5%B	2%B	0%B	SEK 0.1/kg.B	Sw F 0.025/kg.B	0%B	0%B
		GSP			0%	8% ^{*1/}	0%	0%		0%	0%		
1805.00 (1805)	Cocoa powder not containing added sugar or other sweetening matter	MFN	0.82\$/kg.B	10%B	21.5%B	16%B	27%B	10%B	NOK 0.40/kg.B	SEK 0.1/kg.B	Sw F 0.28/kg.B	0%B	25.5%U
		GSP	0%	5%	15%	9%	7%	0%	0%	0%	Sw F 0.14/kg.		15%

¹EEC quota limitation on GSP application was removed in 1987

Table 4

Imports and Exports of Coffee in 1983, 1984 and 1985

	COFFEE GREEN + ROAST			CAFE VERT + TORREFIE			CAFE VERDE + TOSTADO					
	IMPORTS IMPORTATIONS IMPORTACION	MT		IMPORTS IMPORTATIONS IMPORTACION	100000		EXPORTS EXPORTATIONS EXPORTACION	MT		EXPORTS EXPORTATIONS EXPORTACION	100000	
	1983	1984	1985	1983	1984	1985	1983	1984	1985	1983	1984	1985
WORLD	4096835	4049088	4237385	1044922	1168018	1182205	4038917	4210442	4403779	981604	1066853	1137677
AFRICA	145020	127394	132408	26558	21480	22350	947576	900042	1000831	212058	231009	253854
ALGERIA	92858	70547	70575	20086	13045	12977	26840	22750	18980	7100	7980	8720
ANGOLA							2500	2922	3488	570	652	884
BENIN							24835	29002	33018	7077	8302	9287
BURUNDI		601			32		93637	83068	95790	10548	20882	25818
CAMEROON							17000	12500	18200	3550	2300	3040 F
CENT AFR REP							2200	2596	2100	430	585	500 F
CONGO	20	27	20 F	5	11	5 F	223073	187708	268500	41421	42145	61250
COTE D'IVOIRE	8	5		4	3							
EGYPT	6914	3870	5380	2232	1158	1880	350	1280	1060	100 F	320	280 F
EQ GUINEA							93029	87232	68000	25118	26383	19400 F
ETHIOPIA							688	888	900 F	140 F	180 F	190 F
GABON	54	67	70 F	20	18	18 F	670	480	420	180	120	110 F
GHANA	20			10			4700	300	500	1190	80	130
GUINEA	1	3			1		90457	96914	104882	24017	28511	28137
KENYA	350 F	350 F	350 F	100 F	100 F	100 F	7435	4905	11080	1822	1374	2729
LESOTHO	22	54		3	6							
LIBERIA	1000	2000 F	2200 F	300 F	640 F	700 F	50952	51338	52000	11658	13652	11821
MADAGASCAR	2			2			773	1526	3434	170	308	671
MALAWI	70			24								
MOROCCO	13033	15783	12000	1545	1965	1800	2848	2180	600	559	410 F	120 F
NIGERIA	18	110		6	28		29188	31554	34259	5804	5898	8126
REUNION	1386	1078	1000 F	434	356	340 F	5474	2135	14000 F	909	473	3580
RWANDA							220	200	220	63	58	65
SENEGAL							50153	55000	42300	12815	16340	13100
SIERRA LEONE							5386	2592	7400	1288	686	2000
SOMALIA	578	1250 F	1200 F	10	75 F	70 F	144274	133200	152300	33940	35900	41300 F
SOUTH AFRICA	19475	18148	17000	2177	2194	2250	63363	77281	65900	11800 F	15150	13200 F
SUDAN	3807	5726	6000 F	633	878	960 F	7174	9568	12400	1895	2394	3000 F
SWAZILAND	200	270 F	270 F	28	32	32 F						
TANZANIA												
TOGO	6			3								
TUNISIA	4341	4693	5820	579	494	899						
UGANDA												
ZAIRE												
ZIMBABWE												
N C AMERICA	1112738	1197882	1251216	294754	347745	351930	848859	821660	864176	212559	215919	235273
CANADA	90867	97504	98098	28080	32378	30429	108533	113001	122400	20588	28728	30477
COSTA RICA							16572	9003	11851	5427	2180	3905
CUBA	18000	13500	12000	2800 F	2100 F	1900 F	29761	34611	33652	7820	9512	9458
DOMINICAN RP							150000	180070	149082	39012	40384	45260
EL SALVADOR							142860	127247	158928	35770	35455	38042
GUATEMALA							24065	18757	24000	5387	4833	8250 F
HAITI							75438	68561	71500	15038	18327	18300
HONDURAS							1085	1371	830	1029	962	670 F
JAMAICA	41	50	80	10	25	27	185133	173686	192904	52269	47542	53818
MEXICO							716	4500	510	91	440	65 F
NETH ANTILLE	3452	5000	5000	583	980	980	56163	41729	40825	11479	8808	9088
NICARAGUA	1	1					5841	4638	5480	1802	1299	1558
PANAMA							939	11	1200	174	6	240
TRINIDAD TOB	328			125			42736	62673	51895	16160	21485	18043
USA	998108	1083057	1136499	262367	311547	317925						
SOUTH AMERIC	43640	49923	50423	7089	7126	7217	1618771	1754847	1754931	388779	468789	450505
ARGENTINA	38602	41090	42500	5923	5811	5910						
BOLIVIA							6609	3311	7900	1307	648	1500 F
BRAZIL							939690	1031831	1014171	209580	256435	233756
CHILE	5818	7117	6129	870	1040	1030						
COLOMBIA							539452	508895	584940	150619	178450	178400
ECUADOR							75045	71536	78654	14881	17474	19000
PERU							58090	53532	80600	11700	13020	15140
URUGUAY	1681	1839	1700 F	261	241	240 F	1070	5815	8666	711	2720	2701
VENEZUELA												
ASIA	389444	402209	407466	91591	104735	105523	428994	507984	531857	84723	107521	108484
CHINA	28027	7086	681	2810	870	182	10000	9000	5012	2200	2100	1200
CYPRUS	5411	2531	2382	997	572	502	1155	3560	83	181	538	42
HONG KONG	11769	13882	17385	1500	1703	2473	7548	11223	14075	885	1372	2254
INDIA							71179	67649	92000	17330	18037	22600
INDONESIA	37	24	30	23	20	20	241237	294471	292909	42726	58526	58027
IRAQ	2000	1800	2000 F	460	470 F	500 F						
ISRAEL	17894	15435	17210	2519	2474	3163	250	150	90	117	73	45
JAPAN	204199	223244	231382	58873	68753	68311	224	224	117	140	140	74
JORDAN	2675	1999	1428	473	351	292	1044	179	200 F	216	27	30 F
KOREA DPR	4200	8500	10000 F	510 F	1200 F	1500 F						
KOREA REP	11648	16131	22497	1967	2490	4016	31	46	4	13	19	4
KUWAIT	3158	3000 F	3100 F	745	840 F	870 F	1320			430		
LAOS							3080	4040	4351	730 F	970 F	1000 F
LEBANON	11000	10000	10900 F	2060 F	2800 F	3050 F						
MALAYSIA	8287	7550	7800 F	855	882	900 F	9513	4519	7700	1119	820	1050 F
OMAN	2678	3303	2740	539	601	625	84	481	21	15	67	12
PHILIPPINES	18	6	17	6	3	8	21546	32881	30833	4680	7615	6854
QATAR	317	264	333	104	80	122						
SAUDI ARABIA	19819	14815	13903	104	3552	3059	771	1203	720 F	196	276	170 F
SINGAPORE	37448	58182	45557	8750	14298	11432	40704	58147	55904	10580	15129	15762
SRI LANKA	2107	411	222	480	82	43	3124	3679	608	702	882	124
SYRIA	8720	5819	7967	1278	1080	1661						
THAILAND	38	4		13	2		10810	11208	20802	1885	2239	3262
TURKEY	3235	2842	4071	627	518	788						
U A EMIRATES	6100	3000	4000 F	1640 F	1050 F	1450 F	750	900	700	210	170	180
VIET NAM							4200	4200	5900	500 F	580 F	710 F

Table 4 (continued)

	IMPORTS IMPORTATIONS IMPORTACION			IMPORTS IMPORTATIONS IMPORTACION			EXPORTS EXPORTATIONS EXPORTACION			EXPORTS EXPORTATIONS EXPORTACION		
	1983	1984	1985	1983	1984	1985	1983	1984	1985	1983	1984	1985
EUROPE	2236750	2185143	2296951	603978	644325	672391	141906	164867	202185	51087	62675	76227
AUSTRIA	66604	57009	64365	16278	16906	16436	3192	3504	10761	1045	1062	3405
BELGIUM-LUX	104354	105743	128090	30600	34151	39997	23400	26059	39089	9405	11208	15881
BULGARIA	8402	8130	11981	1700 F	1800 F	2550 F						
CZECHOSLOVAK	31556	29266	31864	4574	4457	6695						
DENMARK	56667	55680	56026	16304	17290	16873	3908	2867	2732	1269	990	974
FAEROE IS	196	248	260	65	87	97						
FINLAND	63048	68565	53256	18195	21613	17307	1611	805	1414	481	249	424
FRANCE	332319	308082	312791	87986	92164	92460	18726	17237	23885	5773	5909	7854
GERMAN DR	74225	66018	72300 F	21560 F	18810 F	21690 F						
GERMANY FR	522880	515826	525088	147243	157751	152273	62943	75425	80785	23199	29052	31907
GREECE	20724	22396	20816	5439	4949	4626	240	268	292	124	136	158
HUNGARY	31782	37271	35189	4013	4880	6196						
ICELAND	2232	2292	2641	556	531	668						
IRELAND	744	1035	971	227	348	372	47			10		
ITALY	246697	224664	284215	65047	65696	82826	3367	5093	5621	1556	2410	2918
MALTA	55	90	51	0	11	10						
NETHERLANDS	152394	162926	173928	43822	50405	52212	13355	21448	27129	4243	7375	8536
NORWAY	42645	42097	40605	11949	13019	11996	360	391	87	119	117	42
POLAND	17322	34403	35657	2020	4703	8148						
PORTUGAL	17805	19445	22360	4334	4894	5503	25	13	14	7	5	6
ROMANIA	12000	12000	15000 F	3200 F	3400 F	4100 F						
SPAIN	139452	123509	129000	36293	36851	35600	801	531	300	227	178	100 F
SWEDEN	94438	93174	91054	26487	29236	27757	1883	2846	1564	615	1025	664
SWITZERLAND	61206	60190	67926	17900	16373	21407	4434	4073	5517	1833	1720	2356
UK	100432	116218	111160	28146	36139	34003	3510	4235	2932	1072	1403	980
YUGOSLAVIA	34571	20488	13557	7709	4864	3291	104	52	53	89	39	22
OCEANIA	39383	37691	37819	9804	10406	10732	52811	50942	40690	11517	12762	11755
AUSTRALIA	31961	30652	30344	7810	8346	8573	162	107	235	136	69	68
NEW ZEALAND	6840	6685	7051	1811	1927	2018	5	22	16	4	14	5
PAPUA N GUIN							52518	50771	40606	11350	12669	11676
USSR	38660	49047	58104	9349	10190	12055						
DEV.PED M E	3430907	3469780	3633554	928556	1032895	1057682	185503	228243	254758	67686	84713	94527
N AMERICA	1069075	1177561	1232597	290447	343826	348355	42736	62673	51895	16160	21485	18043
W EUROPE	2081463	1998055	2097960	566919	605275	625014	141906	164867	202185	51067	62875	76227
OCEANIA	38801	37337	37395	9620	10273	10590	167	129	251	139	83	74
OTH DEV.PED	241568	256827	265602	61570	73421	73724	694	574	427	319	271	164
DEV.PING M E	330555	327608	332756	86639	61811	63409	3839214	3968999	4138100	891218	1009460	1040641
AFRICA	113824	97850	101828	23116	16621	16569	947356	899642	1006711	212806	230951	253789
LAT AMERICA	66758	69536	68489	11132	10868	10525	2424894	2573634	2567212	585178	661202	567735
NEAR EAST	77183	63113	67714	18276	14948	16941	5531	6548	1732	1438	1117	407
FAR EAST	71662	96447	93749	13668	19164	16966	406789	487884	518806	80331	103511	107028
OTH DEV.PING	1128	862	977	448	411	409	52644	50613	40639	11378	12679	11681
CENTR PLANND	244174	251701	271076	49727	51310	61114	14200	13200	10912	2700	2680	1910
AS AN CPE	30227	15566	10681	3320	2070	1682	14200	13200	10912	2700	2680	1910
E F JR+USSR	213947	236135	260095	46406	49240	59432						
DEV PED ALL	3644854	3705915	3893649	974963	1082134	1117114	185503	228243	254758	67686	84713	94527
DEV PING ALL	360782	343174	343737	69959	63882	65091	3853414	3962199	4149012	893918	1012140	1042551

Source: FAO Trade Yearbook, 1985

imports by quantity in 1985. The EEC (12) was the largest market, accounting for 42 per cent¹ of world imports, followed by the United States - 27 per cent, other Western European countries - 7 per cent, Eastern European countries - 6 per cent, Japan 5 per cent, and Canada, Australia, New Zealand and South Africa - 4 per cent. The developing countries were responsible for 9 per cent of world imports. A large number of developing countries import coffee: in descending order of market size, these are Algeria, Argentina, Singapore, Yugoslavia, Saudi Arabia, China, Morocco, Israel, Republic of Korea and Cuba.

10. Table 5 shows the per capita consumption of coffee by importing members of the International Coffee Agreement in 1981-1986. The per capita coffee consumption has been stagnant in all developed country markets except Japan.

11. The tariff-related trade flow data show the following trade flow situations:

- (i) all the markets under study have imported raw coffee primarily from coffee-producing countries;
- (ii) imports of such processed coffees as roasted coffee and instant coffee are relatively small in the markets maintaining tariff escalation on these products;
- (iii) in non-EEC European countries, the principal supplier of processed coffee was the EEC in most cases or Switzerland in some cases in 1984. These suppliers have enjoyed EEC/EFTA free-trade arrangements on coffee extracts in some non-EEC European countries which maintain m.f.n. duties on the item. The principal supplier of processed coffees to Canada was the United States. It appears that the proximity to large markets is among the factors which have influenced the direction of trade flows to these relatively small markets;
- (iv) For the EEC (excluding Portugal and Spain), Brazil and Colombia were the first and second suppliers of raw coffee in 1984. Other major suppliers included Côte d'Ivoire and Uganda. The share of special preferential suppliers in the EEC's imports increased from 38 per cent in 1980 to 41 per cent in 1984. Brazil was the principal supplier of coffee extracts. Other major suppliers included Côte d'Ivoire, Colombia and Switzerland. Special preferential suppliers increased their share in the EEC market for coffee extracts from 7 per cent in 1980 to 19 per cent in 1984. For the EEC, Switzerland was the principal supplier of roasted coffee (both regular and decaffeinated) among MFN and GSP sources. Table 6 shows EEC imports of coffee and processed coffee in 1980 and 1984 according to major tariff treatments.

¹Of which about 4 per cent is intra-EEC trade.

Table 5
Per capita consumption (disappearance) of coffee (kg.)

	1981	1982	1983	1984	1985	1986
TOTAL	4.40	4.37	4.42	4.31	4.33	4.34*
U.S.A. 1/	4.80	4.77	4.63	4.71	4.65	4.41
E.E.C.	4.88	4.89	5.03	4.74	4.88	4.93
Belgium/Luxembourg	8.58	7.15	8.84	7.25	7.60	7.14
Denmark	11.79	11.46	11.15	11.05	11.04	11.00
France	6.05	5.91	5.94	5.39	5.47	5.49
Germany, F.R. of	7.06	7.34	7.29	7.03	6.84	7.38
Greece	2.63	2.65	2.81	3.00	2.96	2.18
Ireland	1.10	1.00	1.16	1.47	1.59	1.81
Italy	3.98	4.33	4.34	3.89	4.93	4.37
Netherlands	9.09	8.97	9.58	9.46	9.41	9.65
Portugal	1.48	1.42	1.90	1.96	2.19	1.64
Spain	2.75	2.76	3.19	2.92	2.74	3.44
United Kingdom	2.55	2.43	2.41	2.51	2.44	2.42
Other Importing Members	3.27	3.18	3.32	3.26	3.17	3.44
Australia	2.51	2.62	2.31	2.44	2.11	2.24
Austria	6.55	7.92	8.53	7.73	7.34	7.75
Canada	4.79	4.33	4.25	4.27	4.41	4.15
Cyprus	2.95	2.63	6.55	2/	2.87	1.34
Fiji	0.37	0.18	0.18	0.17	0.09	0.09
Finland	13.52	12.78	12.93	14.59	10.09	12.09
Japan	1.68	1.85	1.94	2.01	2.14	2.23
New Zealand	2.09	1.96	2.25	2.01	1.94	1.88
Norway	10.26	10.31	11.36	10.39	10.47	10.09
Singapore	2/	2/	2/	2.36	2/	2/
Sweden	12.91	11.73	12.14	11.29	11.55	11.64
Switzerland	6.57	5.58	6.00	6.04	6.17	6.59
Yugoslavia	2.01	1.05	1.51	0.89	0.58	2.31

* Preliminary

1/ Based on estimates of civilian population by the United States Department of Commerce

2/ Re-exports exceeded imports in these years

Source: International Coffee Organization

EEC's Imports of Coffee and Processed Coffee According to Major Tariff Treatments

(Unit: US\$'000)

Coffee	1980				1984			
	Total	MFN sources	GSP sources	Special pref.	Total	MFN sources	GSP sources	Special pref.
Raw	4,842,888 (100%)	2,982,374 (62%)		1,860,514 (38%)	3,808,236 (100%)	2,247,615 (59%)		1,560,621 (41%)
Decaf.	17,070 (100%)	85 (0.5%)	13,341 (78%)	3,644 (21%)	1,469 ¹ (100%)	258 (18%)	279 (20%)	480 (33%)
Roasted	12,476 (100%)	1,662 (13%)	2,246 (18%)	8,345 (67%)	9,497 (100%)	3,008 (32%)	636 (7%)	5,457 (57%)
Roasted decaf.	151 (100%)	69 (46%)	47 (31%)	35 (23%)	109 (100%)	99 (91%)	8 (7%)	2 (2%)
Extracts	165,643 (100%)	1,496 (1%)	151,867 (92%)	12,280 (7%)	124,707 (100%)	2,873 (2%)	97,855 (78%)	23,978 (19%)

¹ Including unspecified sources 452 (31%).

Source: COM.TD/W/328/Add.2 and Annex to this document

- (v) for Japan the principal supplier of roasted coffee was the EEC. Japan is a sizeable market for instant coffee. Major suppliers of instant coffee to this market included the EEC, Colombia, Brazil and the United States. As far as other coffee extracts and concentrates are concerned, Brazil, which has enjoyed GSP treatment, was the only supplier in 1984.

B. Tea (black tea) and processed tea

(1) An overview of the tariff situation

12. With respect to tea in bulk and packed tea, most markets under study have granted developing countries duty-free treatment on an MFN basis or under the GSP. The MFN duty-free treatment of Canada and New Zealand has yet to be bound. Japan applies to developing countries GSP rates of 2.5 per cent, 14 per cent and 8 per cent on bulk tea, packed tea and instant tea respectively. Japan is a significant producer of green tea, but depends entirely on imports for the supply of black tea in unprocessed form. Austria and New Zealand provide developing countries duty-free treatment except for certain tea preparations.

13. Japan reduced MFN and GSP rates on tea extracts and tea preparations by 20 per cent (e.g. from 10 per cent ad valorem to 8 per cent ad valorem) under GSP in 1986.

(2) An overview of the trade flow situation

14. Table 7 indicates net imports of tea (or approximately tea consumption) in 1980-84 and in 1985 (preliminary). World net imports of tea increased by 11 per cent by quantity between 1980 and 1984 owing to a rising demand for tea by developing countries; tea imports by developed countries stagnated in this period. While developed countries decreased their share of the world market from 60 per cent to 53 per cent between these two years, developing countries increased their share from 40 per cent to 47 per cent.

15. Among developed country markets, the EEC (12) was the largest market, responsible for about one quarter of world net imports in 1984, followed by the United States - 9 per cent, the USSR - 7 per cent, other Eastern European countries - 3.5 per cent, Canada and Australia - 2 per cent each, South Africa, Japan and other Western European Countries - 1 per cent each. In 1985 net imports of Eastern Europe and Japan increased significantly. Net imports have tended to decline in such traditional black tea drinking countries as the United Kingdom, Ireland, Australia, Canada, South Africa and New Zealand. Among developing countries Pakistan and Egypt were by far the largest markets for tea, accounting for 9 per cent and 8 per cent of world net imports in 1984, respectively.

16. For Japan, the EEC and the United States were the first and second suppliers of packed tea in 1984 while Sri Lanka was the principal supplier of both tea in bulk and instant tea. Imports of other tea products into Japan were negligible. For New Zealand the EEC was the principal supplier of packed tea and tea extracts. The principal supplier of tea in all forms to Canada was also the EEC.

Table 7
Net Imports of Tea

('000 metric tons)

	1980	1981	1982	1983	1984	1985 ¹
World Trade	844.5	802.6	823.0	833.3	936.3	933.3
Developed countries	504.7	456.4	486.9	448.9	510.6	508.1
Western Europe	254.6	199.1	245.3	215.3	250.1	222.7
EEC	246.2	188.2	234.8	205.7	239.5	212.3
United Kingdom	186.7	135.3	183.6	155.2	184.2	155.4
Ireland	15.2	11.3	8.9	10.8	10.4	10.6
Netherlands	10.0	10.1	10.3	8.0	11.1	10.8
Germany, F.R.	14.7	15.1	15.5	14.0	17.1	17.0
France	8.9	8.3	7.7	8.9	8.4	9.1
Italy	3.5	3.2	3.5	3.3	3.1	3.8
Denmark	2.4	2.2	2.3	2.6	2.4	2.3
Belgium	1.1	1.3	1.4	1.3	1.4	1.3
Greece	0.3	0.5	0.3	0.3	0.3	0.4
Portugal	0.4	0.2	0.3	0.2	0.2	0.3
Spain	3.0	0.7	1.0	1.1	0.9	1.3
Other Western Europe	8.4	10.9	10.5	9.6	10.6	10.4
Sweden	2.9	2.8	2.9	2.9	3.1	2.8
Switzerland	1.7	1.9	2.0	1.7	2.0	2.1
Others	3.8	6.2	5.6	5.0	5.5	5.5
United States	81.8	84.0	80.9	75.2	85.9	77.1
Canada	20.3	18.8	17.7	19.8	20.5	15.7
Oceania	31.5	27.8	29.6	27.8	27.8	26.3
Australia	23.6	21.7	23.3	21.4	21.8	20.6
New Zealand	7.9	6.1	6.3	6.4	6.0	5.7
Others	34.6	28.4	24.1	27.5	28.6	34.3
Japan	13.8	11.2	9.0	9.9	12.8	21.2
Israel	2.9	2.1	2.0	2.2	1.9	2.2
South Africa	17.9	15.1	13.1	15.4	13.9	10.9
Centrally Planned Countries	81.9	98.3	89.3	83.3	97.7	132.0
Eastern Europe	30.1	31.1	32.5	32.2	32.8	41.8
USSR	51.8	67.2	56.8	51.1	64.9	90.2
Developing Countries	339.8	346.2	336.1	384.4	425.7	425.2
Latin America	15.0	13.5	12.9	13.9	12.7	14.8
Chile	11.3	10.5	10.5	11.6	10.0	12.5
Others	3.7	3.0	2.4	2.3	2.7	2.3
Near East	194.4	180.1	183.5	205.1	252.8	243.9
In Asia	117.8	107.7	107.0	119.7	156.9	148.7
Afghanistan	15.0	13.3	10.7	11.8	18.6	7.0
Iran	21.0	14.5	12.4	15.8	33.4	31.0
Iraq	30.0	29.7	36.5	37.3	45.7	40.0
Saudi Arabia	15.2	16.3	15.1	17.9	20.5	21.0
Syria	9.3	7.8	11.0	11.8	13.0	21.9
Others	27.3	26.1	21.3	25.1	25.7	27.8
In Africa	76.6	72.4	76.5	85.4	95.9	95.2
Egypt	54.4	53.0	57.3	65.0	76.1	73.1
Libya	13.0	6.1	7.4	7.5	8.7	10.1
Sudan	9.2	13.3	11.8	12.9	11.1	12.0
Other Africa	48.2	58.8	48.4	55.2	50.2	54.2
Far East and Oceania	77.6	89.3	87.1	105.4	104.2	106.6
Pakistan	60.8	72.4	69.4	86.3	85.3	89.0
Hong Kong	8.3	7.7	8.7	8.8	10.1	9.1
Others	8.5	9.2	9.0	10.3	8.8	8.5
Centrally Planned Countries	4.6	4.5	4.2	4.8	5.8	5.7

¹ Preliminary

Source: FAO document ESC/TE87/1.

C. Cocoa and cocoa products(1) An overview of the tariff situation

17. With respect to cocoa beans and all cocoa products under study, the United States, Finland, Norway, Sweden and Australia provide developing countries duty-free treatment on an MFN basis or under the GSP. Canada, Austria and Switzerland provide such treatment except for cocoa powder. Japan and New Zealand provide such treatment except for cocoa paste and powder.

18. The EEC maintains an MFN rate of 3 per cent on cocoa beans and higher duties on cocoa products (see Table 3). Portugal and Spain have been EEC members since 1986. As a result, these countries are in the process of aligning their MFN duties to EEC common external duties. Thus, these countries' MFN duties on cocoa and cocoa products are being reduced except for some cases where their duty rates were the same as EEC rates or lower than EEC rates. Portugal's duties on cocoa paste and butter are being increased. These two countries have also adopted the EEC's GSP scheme and special preferences with some transitional arrangements. In 1987 the EEC removed a quota for the application of its GSP rate of 8 per cent on cocoa butter.

(2) An overview of the trade flow situation and consumption

19. The following table indicates that world trade of cocoa beans and cocoa products increased steadily between 1980 and 1985, but that cocoa exporting countries were not able to increase the share of cocoa products in their total exports of cocoa beans and products. About one-third of the cocoa beans are now ground in cocoa producing countries mainly for the export of semi-finished products, which are shipped to processors in developed countries.

World Imports (thousand metric tons)

	1980	1981	1982	1983	1984	1985
Cocoa beans	1,067.9	1,242.2	1,269.5	1,261.7	1,324.0	1,458.3
Cocoa paste	146.9	151.6	130.1	142.3	148.0	162.8
Cocoa butter	182.7	186.6	195.2	220.0	234.8	264.3
Cocoa powder and cake	170.3	189.2	180.3	213.1	227.8	232.7

Source: FAO Trade Year Book 1982-85.

20. With respect to cocoa beans and products, developed countries account for more than 90 per cent of world imports because the consumption of chocolate and other cocoa products is concentrated in these countries. The EEC is the largest market for cocoa, consuming about one-third of world cocoa production in 1984/85, followed by the United States which consumed about one-quarter and the USSR which consumed about 13 per cent. Other major consuming countries included Japan - 4.5 per cent, Canada - 3 per cent, German Democratic Republic - 2 per cent, Australia, Austria and

Switzerland - 1.5 per cent each, Poland, Czechoslovakia, Hungary, Yugoslavia and Argentina - 1 per cent each. Such cocoa producing countries as Brazil, Colombia and Mexico were also significant consumers, each accounting for 2 to 3 per cent of world cocoa consumption. Yugoslavia's imports of cocoa beans and products have increased in recent years. Singapore is a significant importer of cocoa beans and an exporter of cocoa products. The cocoa consumption in a number of Asian markets is low due to dietary habits and for other reasons.

21. Tables 8-11 show imports and exports in 1983-85 of cocoa bean, cocoa paste, cocoa butter, and cocoa powder and cake, respectively. Table 12 shows cocoa consumption and the per capita consumption of cocoa in major consuming countries in the period 1981/82 - 1985/86. In most traditional markets for cocoa, per capita cocoa consumption was stagnant in the period, although it was still increasing moderately in a few such markets.

22. The tariff-related trade flow data and previous background documents on tropical products show that in the EEC market (not including Portugal and Spain), the countries enjoying special preferences increased their share of trade in cocoa and cocoa products significantly in the period 1980-1984. With respect to cocoa beans, their share in EEC imports increased from 87 per cent in 1980 to 95 per cent in 1984, for cocoa paste from 65 per cent to 95 per cent, for cocoa butter from 71 per cent to 75 per cent and, for cocoa powder from 10 per cent to 80 per cent. A dramatic increase in the ACP share for cocoa powder reflected the displacement of imports from Malaysia and Singapore by those from Côte d'Ivoire.

23. The separate data available for Portugal and Spain show that in 1984 Brazil was the principal supplier of cocoa beans to Spain, of cocoa paste to Portugal and Spain, and of cocoa butter to Portugal. Côte d'Ivoire was the principal supplier of cocoa beans to Portugal. Indonesia was the principal supplier of cocoa butter to Spain. Switzerland and Nigeria were the principal suppliers of cocoa powder to Portugal and Spain, respectively.

24. In 1984 the EEC (10) was the principal supplier of cocoa powder to Japan, Austria, Switzerland and New Zealand. For Norway the principal supplier of all cocoa products was the EEC. Canadian tariff item No. 2200-1 covers both cocoa powder and chocolate preparations. The principal supplier of this item was also the EEC.

25. For Japan the principal supplier of undefatted cocoa paste was Ecuador and the first and second suppliers of defatted cocoa paste were Brazil and Côte d'Ivoire. For New Zealand the principal supplier of cocoa paste was Japan.

Table 8

Imports and Exports of Cocoa Beans in 1983-85

	IMPORTS MT			IMPORTS 1000S			EXPORTS MT			EXPORTS 1000S		
	1983	1984	1985	1983	1984	1985	1983	1984	1985	1983	1984	1985
WORLD	1261714	1334022	1458307	2284178	2976663	3391838	1205366	1348036	1444038	1974028	2336626	3070651
AFRICA	9599	5010	6658	16418	13672	14961	786441	889568	876008	1217281	1822467	1680428
BENIN							2900*	7029	16078	5000*	15865	31500
CAMEROON			297			600 F	80052	89030	88486	132000	160540	191801
CONGO							1800*	2192	2000*	2500 F	3024	2900 F
COTE-IVOIRE							286382	449070	445000 F	422299	910612	990000 F
EGYPT	1574	1300*	2500*	3311	3300 F	8000 F	9500*	6810*	7270*	17183	13800 F	13300 F
EQ GUINEA							2569	1543	1540	4800 F	3803	3700 F
GABON							153367	148875	172387	242000*	348958	325800
GHANA							4000 F	4000 F	4000 F	6000 F	6500 F	6300 F
GUINEA							5708	6149	4977	11482	15267	11177
LIBERIA		7			6		2315	2495	2000*	3290	4584	3600 F
MADAGASCAR												
NIGERIA	3150			4107			206024	130608	100000*	321191	251805	230000 F
SAO TOME PRN							4414	3800*	3600*	9260	8700 F	7800 F
SIERRA LEONE							12278	9785	10500*	17367	23108	24000*
SOUTH AFRICA	3810	3351	2550*	6209	7091	5360*	1300*	1200*	1450	2300 F	2300 F	2550 F
TANZANIA							9200	21301	12500 F	14571	48300	26000 F
TOGO							110*	300*	200 F	220*	850 F	400 F
TUNISIA	998	1010	1051	2105	2560	2341	4451	4274	4000*	6000*	6800 F	5800 F
UGANDA												
ZAIRE												
N C AMERICA	234395	220618	293146	383513	474080	616517	75000	58202	57515	128504	131436	114714
CANADA	15989	24477	21562	31532	58356	49654						
COSTA RICA	484	774	356	904	1380	640 F	738	843	1300	1034	1548	2300 F
DOMINICAN RP							34199	32280	31171	55021	70064	57917
EL SALVADOR							18	20	220*	32	47	440 F
GRENADA	343	601	400*	614	1279	860 F	2234	2065	2179	4057	4284	4968
GUATEMALA							1252	1200*	600*	1902	2100 F	1050 F
HAITI							5817	2404	3400*	4732	4553	6100 F
HONDURAS							982	900*	2000*	1840	1800 F	3900 F
JAMAICA	72			195			1964	1910	1926	4952	3888	3800 F
MEXICO							11532	3603	1583	19589	8605	3358
TRINIDAD TOB	17			33			1699	1500	1330	2919	3184	3068
USA	217119	193942	270373	349338	411190	564213	16270	12115	11284	32017	30705	26736
SOUTH AMERIC	2125	3955	7263	4298	11222	17810	167686	164092	249830	314304	369820	513026
ARGENTINA	1585	2820	2600*	3822	8503	7800 F						
BRAZIL							152773	107289	171809	263773	249122	359723
COLOMBIA	200	748	4163	299	1685	9200 F	20	3654	2923	40	8241	6100 F
EQUADOR							5555	46910	58899	8385	95991	131834
PERU	63	215	150 F	42	541	380 F	704	347	480 F	1292	809	960 F
URUGUAY	177	172	150*	335	493	430 F	8634	5892	5819	20834	15657	14409
VENEZUELA							89414	120238	148653	151783	261399	311823
ASIA	110866	99830	104195	204342	224572	243189						
CHINA	9584	12372	6324	18470	24840	16881						
INDONESIA	8495	2112	2000*	5572	1632	1850*						
IRAN	100*	100*	100 F	250 F	250 F	260 F	15885	24299	30000*	26350	50282	58700*
ISRAEL	1535	1082	1042	3606	3848	4200*						
JAPAN	34891	33999	35540	72137	86613	93521						
KOREA REP	1619	2114	1905	3071	5589	5085						
KUWAIT	136	150 F	150 F	409	450 F	450 F	77			193		
MALAYSIA	1891	177	150 F	3505	458	390 F	57299	66133	88000*	98523	144295	190000 F
PAKISTAN	15	27	15	16	12	12						
PHILIPPINES	6771	1737	1791	13354	3380	3931	420	1334	1500*	569	2495	2700 F
SAUDI ARABIA	1			2								
SINGAPORE	41705	43648	52547	76110	91903	110734	15020	27943	28321	25011	63186	58675
SRI LANKA							732	489	800 F	1120	1060	1700 F
TURKEY	4136	2381	2633	8765	5894	6315						
EUROPE	729129	833847	885324	1333333	1861899	2118734	56597	77801	76452	104701	189509	180126
AUSTRIA	10503	11138	11002	18451	26122	25890	2	2	73	3	2	181
BELGIUM-LUX	31310	34389	38279	57066	76744	91173	86	339	1137	95	791	2627
BULGARIA	9055	7045	11589	17000 F	17000 F	28100 F						
CZECHOSLOVAK	16826	17634	18343	37800	43200*	40346						
DENMARK	2266	1992	2610	4168	4668	6274						
FINLAND	897	944	575	1772	2308	1509						
FRANCE	57766	52357	48540	101538	118832	110802	2926	5638	4532	5334	14874	11377
GERMAN DR	15386	21264	18182	32700 F	50400 F	40000 F						
GERMAN FR	172558	195328	220064	306836	424360	519140	1959	2451	701	3757	5211	1578
GREECE	4789	5144	4987	9821	13010	13113						
HUNGARY	13736	23867	18324	31870	56171	44120	4822	12054		11788	25571	
ICELAND	9	12	5	29	35	17						
IRELAND	5801	7744	9479	9454	15579	23341	545	130	108	1293	289	305
ITALY	36424	39477	47515	67434	91100	116535	21	3	68	26	6	178
NETHERLANDS	186436	221094	230419	338423	489505	549526	37123	50940	59638	65350	109833	141152
NORWAY	5196	4396	5720	9351	1092	14591	57	320		134	849	
POLAND	20442	21636	23504	35074	48120	48596						
PORTUGAL	242	213	191	508	556	480		3			10	
ROMANIA	6050	4500	5000*	12800 F	12500 F	14500 F						
SPAIN	35406	37862	38000 F	66783	84788	96000 F	294	1		472	1	
SWEDEN	2904	2705	3477	5341	6239	8358						
SWITZERLAND	19797	17095	21813	38384	36006	53737	101	164	66	221	385	156
UK	58147	98706	96607	118739	219395	238138	8679	5444	10129	16226	11855	22592
YUGOSLAVIA	7093	7315	15399	18353	20170	38448						
OCEANIA	13131	9870	6854	23583	20361	16361	31228	38167	35580	57455	81995	70534
AUSTRALIA	8008	5536	1902	13518	10902	4049	618	550	745	1116	709	1116
FIJI							217	246	220 F	411	529	440 F
NEW ZEALAND	5630	4284	4898	9972	9369	12215	18			15		
PAPUA N GUIN							26342	34450	31384	49610	75437	63170
SAMOA							1587	720	681*	1313	1307*	
SOLOMON IS							1235	1410	1763	1970	2646	3381
VANUATU							1231	791	817	1838	1391	1237
USSR	182279	149984	154868	318710	370876	364366						

Table 9
Imports and Exports of Cocoa Paste in 1983-85

	COCOA PASTE			PATE DE CACAO			PASTA DE CACAO					
	IMPORTS IMPORTATIONS IMPORTACION	MT		IMPORTS IMPORTATIONS IMPORTACION	1000\$		EXPORTS EXPORTATIONS EXPORTACION	MT		EXPORTS EXPORTATIONS EXPORTACION	1000\$	
	1983	1984	1985	1983	1984	1985	1983	1984	1985	1983	1984	1985
WORLD	142307*	144034	162776	299229	419524	445375	142357	154446	167385	276607	426801	440263
AFRICA	2702	3355	2744	5785	8408	6976	23483	30635	31400	48317	72195	75600
ALGERIA	208	362	260*	707	886	600 F	1289	4914	4755	2000*	7117	10000 F
CAMEROON							18490	23021	23529	39510	61066	61200*
COTE-IVOIRE							2145	1350*	1825	3700*	2700 F	3300 F
GHANA	328	383	400 F	453	756	800 F						
KENYA												
NIGERIA							1500*	1200*	1200*	1000*	1000 F	900 F
SOUTH AFRICA	1934	2473	2000*	4222	6543	5420*	50*	150*	100*	107	312	200*
TUNISIA	168	107	84	234	223	156						
N C AMERICA	45704	45650	53086	92022	127611	137366	2949	3406	1034	6021	9919	3178
USA	45475	45547	53041	91666	127279	137166	825	1785	1034	1624	5286	3178
SOUTH AMERIC	8867	10063	3382	15083	28105	9520	74816	87479	92082	142500	248135	237499
ARGENTINA	7830	9184	2400*	13934	26112	7500 F						
BRAZIL							52290	67358	67288	118632	194919	171142
CHILE	207	197	182	600	709	500	168	820	561	180	2410	1600 F
COLOMBIA	310			755			18755	14000*	20505	16646	37000*	49000*
ECUADOR							3017	4823	3000*	5922	12562	7800 F
PERU	153	123	100*	332	361	320 F						
URUGUAY	301	556	700*	330	932	1100 F	386	463	730*	1110	1218	1850 F
VENEZUELA	3			7								
ASIA	10493	5471	5142	18875	13905	13102	17004	8584	7723	24100	15617	16689
CHINA	105	100	111	310	342	336						
INDONESIA	46	348		37	281		4214	17	55*	9691	45	140*
ISRAEL	1587	1561	1600 F	1424	2785	2600*						
JAPAN	4303	2928	2792	10266	8765	7992	601	937	842	1640	3034	2990
KOREA REP	487	221	405	1300	738	1419						
MALAYSIA	4	1		9	3		2045	2968	1500*	1715	4865	2900 F
PHILIPPINES	1497	20		3589	48							
SAUDI ARABIA	13	37	34	22	75	106	1					
SINGAPORE	2483	245	172	1892	829	547	10143	5671	5326	11053	7672	10659
THAILAND	3	2	4	14	10	14						
EUROPE	58504	58969	65882	130786	167885	191210	24305	27572	35137	57669	80935	107297
AUSTRIA	875	975	814	1789	2999	2441						
BELGIUM-LUX	1039	1035	1472	2738	2607	4522	5463	5778	5847	12911	15344	16704
CZECHOSLOVAK	3000*	658	237	6423	1700 F	700 F						
DENMARK	250	281	269	600	880	894						
FINLAND	1600	2490	1699	4209	8224	5517						
FRANCE	15164	20209	24031	34283	57081	73162						
GERMAN DR	1867	4180	3878	5000 F	12500 F	11600 F	133	544	1526	319	1741	4867
GERMANY FR	2289	3075	3569	5409	8402	10125						
GREECE	45	29	87	141	81	233	10752	13438	19715	23862	39782	61217
HUNGARY	1647	1400	1930*	4100 F	3900 F	5700 F						
ICELAND	81	71	84	275	265	306						
IRELAND	137	122	93	351	388	319						
ITALY	2229	2043	2890	4830	5881	8676	3					
MALTA	35	30	43	134	101	137	111	181	161	5	510	498
NETHERLANDS	14216	13639	14822	29661*	38870	47003						
NORWAY	164	174	168	401	579	556	6755	4157	5719	17307	13189	17326
POLAND	5320*	548	1586	14000*	1616	4190						
PORTUGAL	1840	1445	762	4642	4614	1330						
SPAIN	139	321	23	208	428	40 F						
SWEDEN	1560	1537	1180	3765	5008	3905	366	395	156	988	1163	500 F
SWITZERLAND	309	801	718	747	2130	2103	11					
UK	3829	2184	3400	5800	6502	9254	21	34	49	90	105	138
YUGOSLAVIA	958	1681	2147	1191	3149	3457	670	2900	1801	1891	8933	5555
OCEANIA	432	758	929	1192	2269	3085						
NEW ZEALAND	432	758	929	1192	2269	3065						
USSR	15425	23748	31601	34606	71341	84136						

Table 10
Imports and Exports of Cocoa Butter in 1983-85

	IMPORTS MT			IMPORTS 1000\$			EXPORTS MT			EXPORTS 1000\$		
	1983	1984	1985	1983	1984	1985	1983	1984	1985	1983	1984	1985
WORLD	220029	234842	264251	687032	1078168	1344413	213134	229146	251864	846704	1018534	1248587
AFRICA	2164	2538	2405	9414	12095	12848	33285	36824	43254	112834	146784	180330
ALGERIA	320	320	210*	1387	1446	1050 F						
CAMEROON							3038	3312	4030	11170	9889	17602
COTE-IVOIRE							14447	18633	21110	48799	73087	75000*
EGYPT	358	400*	440*	1722	2000 F	2400 F	5440	7100*	5848	19500*	29000 F	26500 F
GHANA												
MOROCCO	41	80	20*	101	310	100 F						
NIGERIA							10299	7471	12000*	35088	34514	60000 F
SOUTH AFRICA	1370	1699	1700*	5837	8190	6200*	41	89	160*	193	426	800*
TUNISIA			2			14	20	19	78	86	88	428
ZIMBABWE	27	48*	30*	50	105 F	75 F						
N C AMERICA	53449	57586	75857	214341	273783	363429	8061	8144	8847	24721	39900	43148
CANADA	5313	5437	5535	24036	27584	29178						
COSTA RICA	1	21	7	6	106	35 F	317	800*	850*	1258	3500 F	4000 F
CUBA							457	629	489	2080	2908	2620
DOMINICAN RP							986	713	1258	3579	3408	6200 F
EL SALVADOR	47	72		37	72							
JAMAICA	61	65 F	70 F	263	300 F	325 F	117	360*	230*	536	1800 F	1250 F
MEXICO							3057	3826	4687	11811	18518	22836
TRINIDAD TOB	40	184	100 F	180	290	550 F						
USA	47981	51711	70145	189757	244552	333343	1147	1016	1335	5457	8766	6242
SOUTH AMERIC	1648	1925	489	7429	11538	2710	37215	42376	48263	148948	199500	230814
ARGENTINA	1277	1499	70*	5954	9130	350 F						
BOLIVIA							125	66	220*	414	280	770 F
BRAZIL							32008	35843	42614	126500	187989	202650
CHILE	275	345	354	1100	2000	2000	1405	1503	1851	5554	7255	9300 F
COLOMBIA	12			7			1403	2100*	1103	5470	9000 F	4994
ECUADOR	5	21		27	89		1762	2007	1500*	7273	10893	8100 F
PERU	79	80	85*	341	319	360 F						
URUGUAY							424	637	975*	1726	4283	5000*
VENEZUELA												
ASIA	12996	10819	11111	57340	54642	58230	24540	20505	24832	98455	94043	121284
CHINA	42	6	8	187	25	42	2600*	2800*	4200*	13400 F	14000 F	22000 F
CYPRUS	9	15	80	19	89	317						
HONG KONG	7	5	8	28	28	30	6	3	3	27	16	12
INDIA							50*	160*	60*	70 F	280 F	120 F
INDONESIA		1		2	5		997	617	1030*	1389	2472	3640*
IRAN	102	100*	100*	500	500 F	550 F						
IRAQ	150*	150*	210*	480*	530 F	840 F						
ISRAEL	1335	1106	1122	7353	8027	6500*						
JAPAN	9947	8436	8632	43357	41812	44898		37	32	1	164	155
KOREA REP	261	215	383	1241	965	2175						
LEBANON	80*	50*		350*	230 F							
MALAYSIA	85	24		397	126		5247	8850	8500*	20587	42675	42500 F
PAKISTAN		22	32		134	181	4749	1489	1700*	20987	6135	7600 F
PHILIPPINES												
SINGAPORE	602	360	223	2681	1547	1083	10599	6549	9107	42014	29181	44957
SYRIA	232		100	213	18	500 F						
TURKEY	107	114	232	457	575	1309						
EUROPE	142833	152651	158709	570807	683829	634054	112015	120241	126834	463748	538110	672680
AUSTRIA	3535	3763	3682	14007	17211	19822		6	3		30	20
BELGIUM-LUX	12128	13451	15416	49102	61143	79956	52	96	162	187	356	875
BULGARIA	133	100	250	800 F	500 F	1400 F						
CZECHOSLOVAK			598			3000 F						
DENMARK	894	761	1069	3563	3676	5824						
FINLAND	2420	2156	2039	9747	9758	11383			1			6
FRANCE	18681	17325	19909	61296	80114	104225	1984	2424	4820	8061	11652	27252
GERMAN DR		100	230		450 F	1150 F						
GERMANY FR	30580	33240	33445	121290	152718	183458	27531	27648	31190	121093	120134	166558
GREECE	1787	1551	1226	7639	8212	7321	128	8	42	500	33	190
HUNGARY	650	317		2810	674		1187	847	360	4682	3123	1863
ICELAND	151	147	149	712	757	862						
IRELAND	2015	2079	2194	7897	9576	10854	259	38	3	881	114	8
ITALY	2151	2676	3058	8732	12739	15996	2232	2096	1833	8725	8917	9103
MALTA	62	74	89	271	336	488						
NETHERLANDS	20224	25176	24698	84740	114631	122048	66778	72086	73864	274856	331111	398887
NORWAY	1896	2139	1957	7896	9696	10379	29	4		117	16	
POLAND	250			1000 F			3100*	3800*	3500*	12000 F	14000 F	15000 F
PORTUGAL	3	26	6	32	132	37	72	101	84	354	514	416
SPAIN	92	139	80 F	404	607	440 F	4433	6611	6500*	15601	27452	32000 F
SWEDEN	4704	5103	4929	19483	22750	27152	3	12	7	7	24	39
SWITZERLAND	10224	9788	11175	43023	40641	61375	7	10	8	42	55	57
UK	31581	30272	31372	123186	135952	180623	4220	4454	4448	16642	20578	20806
YUGOSLAVIA	654	246	1130	3178	1447	6384						
OCEANIA	6939	7643	6529	27901	33602	38143		58	34		297	131
AUSTRALIA	5892	6458	7443	23574	28071	32835						
NEW ZEALAND	1047	1184	1086	4326	5730	5308		56	34		297	131
USSR		1900	7150		8500 F	35000 F						

Table 11
Imports and Exports of Cocoa Powder and Cake in 1983-85

	COCOA POWDER AND CAKE			POUDRE DE CACAO			CACAO EN POLVO					
	IMPORTS IMPORTATIONS IMPORTACION	MT		IMPORTS IMPORTATIONS IMPORTACION	1000\$		EXPORTS EXPORTATIONS EXPORTACION	MT		EXPORTS EXPORTATIONS EXPORTACION	1000\$	
	1983	1984	1985	1983	1984	1985	1983	1984	1985	1983	1984	1985
WORLD	213138	227751	232683	233814	304225	354001	207575	214328	230103	228599	344208	310730
AFRICA	3842	3387	3542	5053	6702	5554	43825	41429	55716	30273	48261	57286
ALGERIA	575	814	1000	538	1484	1300 F	6553	7000	5191	5900	7000 F	4700 F
CAMEROON	156			179								
COTE D'IVOIRE							10164	20962	31164	17048	28889	33400
EGYPT	1329	1200	1300	1522	1900 F	1900 F						
GHANA							6185	6000	8245	3400	4700 F	8000 F
MOROCCO	278	202	200	347	324	300 F						
NIGERIA	800			800			11875	7275	11000	3835	7300 F	11000 F
SOUTH AFRICA	487	679	650	662	1200	900	35	35	35	70	88	90 F
N C AMERICA	95085	108842	101191	88863	172808	133745	4484	4988	3281	6539	9640	6080
CANADA	14521	18838	18313	16678	30914	25033						
TRINIDAD TOB	250	238	250	680	957	1000 F						
USA	78969	89977	81776	60579	138984	105598	3077	4468	2550	4737	8664	4760
SOUTH AMERIC	1212	1428	1471	1563	2611	3125	39817	43231	38702	29036	54117	32940
ARGENTINA												
BRAZIL	165	198		212	458		34244	37088	38356	25674	49704	31026
CHILE	930	1122	1303	1100	2100	1700						
COLOMBIA	11	7	91	21	16	220 F	16	11	21	41	16	30 F
ECUADOR							5255	5300	1670	3065	3200	1114
PERU							271	522	400 F	188	825	500 F
ASIA	15136	15137	16464	21745	30351	26676	15020	6595	13298	13207	10843	14848
CHINA	882	871	1244	1171	1647	1649	50	120	251	80	240 F	503 F
CYPRUS	103	111	114	158	217	233	1	15	5			
HONG KONG	159	209	270	310	534	593	101	23	41	100	70	45
INDIA	50		70	100 F		140 F						
INDONESIA	276	225	220	425	484	420	4102	230	60	4321	487	85
IRAN	103	300	300	175	600 F	610 F						
IRAQ	500	700	700	1200 F	2000 F	1750 F						
ISRAEL	1052	1026	1300	1366	2161	2500 F	15	7		14	10	
JAPAN	5612	5450	5271	7704	11498	9949						
JORDAN	172	150	200	377	335	400 F		12	1		22	9
KOREA REP	1730	1728	1653	2220	3196	2247						
LEBANON	500	800	300	600 F	1000 F	450 F						
MALAYSIA	243	333	350 F	350	624	700 F	1378	2373	4600	1214	3742	5000 F
OMAN	6	10	4	14	26	11						
PAKISTAN	122	70	42	109	79	65						
PHILIPPINES	261	50	23	380	58	35	4062	28	1500	2612	56	1200 F
SAUDI ARABIA	170	143	171	641	503	651						
SINGAPORE	1351	990	1164	1694	2051	1883	5263	3759	6838	4846	6176	7979
THAILAND	687	658	883	1107	1430	1806						
TURKEY	5	417	1200	6	556	1400 F			2	1	2	13
EUROPE	89876	89161	97866	106344	154701	150195	104308	118058	119048	148428	221239	208458
AUSTRIA	1732	1694	2349	2156	3011	3880	132	8	239	186	15	582
BELGIUM-LUX	4792	5065	5631	6546	9485	10385	95	643	468	212	1578	886
BULGARIA	2	226	103	4 F	450 F	450 F						
CZECHOSLOVAK	230	800	45	274	1500 F	65						
DENMARK	2430	2788	2967	3483	5380	5280	405	581	534	863	1263	1288
FINLAND	1173	1097	1122	1920	2064	2300						
FRANCE	18752	18382	18718	19425	26750	26177	3521	3662	5363	4050	6561	7805
GERMAN DR	3600	3200	1997	5000 F	5600 F	3500 F						
GERMANY FR	16534	16894	19360	20431	27392	30562	24910	29454	29932	35234	53952	53094
GREECE	1750	1683	1907	2685	11417	9845		1		1	2	1
HUNGARY	2542	1418	2170	3409	2799	2069						
ICELAND	128	118	133	295	208	285						
IRELAND	234	317	482	579	646	1132	57	13	3	31	25	4
ITALY	10805	10104	11372	13234	18810	18811	1707	2831	2146	2706	4962	3945
MALTA	34	41	74	102	94	139	45	6	26	180	26	119
NETHERLANDS	6866	7744	8938	5732	8949	11366	67912	73197	71693	97431	138921	124780
NORWAY	391	281	308	819	528	487	173	156	152	396	309	284
POLAND	400	800	850	550 F	1350 F	1300 F						
PORTUGAL	1357	1187	2327	2339	2539	5431	3	11		11	30	
SPAIN	8928	5416	4800	4361	6230	5000 F	371	528	786	352	557	800 F
SWEDEN	3808	3996	3940	5089	6153	6917	61	42	30	107	104	87
SWITZERLAND	755	1078	979	917	1610	1696	136	185	222	261	415	440
UK	6203	6207	6946	6157	10009	10962	4854	6740	7474	7410	12519	14343
YUGOSLAVIA	519	728	340	801	1597	383	16			17		
OCEANIA	8180	8826	12159	10245	16853	24707	31	25	58	116	109	118
AUSTRALIA	7676	8571	11676	9221	16223	24037						

Table 12/

Tableau 12/

Cuadro 12

Cocoa consumption and per caput cocoa consumption/
Consommation de cacao et consommation de cacao par habitant/
Consumo de cacao y consumo de cacao por capita

Country Pays	Cocoa consumption					Per caput consumption				
	1981/82	1982/83	1983/84	1984/85	1985/86	1981/82	1982/83	1983/84	1984/85	1985/86
WESTERN EUROPE	Thousand tonnes- Milliers de tonnes-				Kilograms- Kilogrammes-				
Austria	22.2	22.0	22.9	24.2	24.1	2.93	2.91	3.03	3.20	3.19
Belgium/Luxembourg	29.5	26.7	36.7	31.5	37.8	2.89	2.61	3.59	3.08	3.68
Denmark	9.5	8.2	8.1	7.7	7.7	1.86	1.60	1.59	1.51	1.51
France	110.2	107.1	112.7	106.3	112.4	2.03	1.96	2.05	1.93	2.02
Germany, Fed. Rep. of	159.7	158.4	176.5	177.7	158.0	2.59	2.58	2.88	2.91	2.59
Greece	10.2	8.9	9.5	10.2	9.7	1.04	.90	.96	1.03	.97
Italy	39.3	46.1	39.0	63.9	65.6	.69	.81	.68	1.12	1.24
Netherlands	27.3	20.8	20.0	17.6	20.4	1.91	1.45	1.39	1.22	1.40
Norway	11.4	10.8	11.7	11.3	12.4	2.77	2.62	2.82	2.72	2.98
Spain	30.9	33.9	28.2	28.1	30.4	.81	.89	.74	.73	.79
Sweden	14.4	13.2	14.3	14.1	14.3	1.73	1.58	1.71	1.69	1.71
Switzerland	26.3	24.8	26.8	25.9	28.5	4.15	3.83	4.16	4.02	4.45
United Kingdom	111.8	115.4	120.1	128.8	136.0	1.98	2.08	2.13	2.27	2.40
Yugoslavia	13.9	7.4	7.9	16.3	14.7	.61	.32	.34	.70	.63
EASTERN EUROPE										
Bulgaria	3.7	5.6	6.1	9.4	6.1	.41	.63	.68	1.05	.68
Czechoslovakia	18.0	18.5	19.1	18.9	19.3	1.17	1.20	1.24	1.22	1.24
German Democratic Rep.	21.4	21.1	24.3	28.8	24.2	1.25	1.26	1.46	1.73	1.45
Hungary	14.6	13.3	15.5	16.8	16.4	1.36	1.24	1.46	1.58	1.54
Poland	26.3	17.7	11.4	20.1	13.8	.73	.48	.31	.54	.37
Romania	6.0	6.9	5.2	4.1	4.0	.27	.31	.23	.18	.17
USSR	145.4	169.9	189.4	216.3	185.6	.54	.62	.69	.78	.66
NORTH, CENTRAL AND SOUTH AMERICA										
Argentina	12.1	11.4	16.0	14.1	13.3	.42	.38	.53	.46	.43
Brazil	39.2	48.3	28.7	50.6	43.2	.31	.37	.22	.37	.31
Canada	39.9	46.3	41.7	45.3	40.4	1.62	1.86	1.66	1.78	1.58
Colombia	40.4	39.2	35.3	35.4	46.8	1.50	1.42	1.25	1.24	1.60
Dominican Rep.	2.7	3.7	2.9	3.5	2.4	.47	.62	.48	.56	.38
Ecuador	7.1	6.2	8.8	7.4	3.0	.79	.67	.97	.79	.31
Mexico	28.3	23.7	26.0	30.8	33.3	.39	.32	.34	.39	.42
United States	353.2	407.6	451.5	451.2	481.0	1.52	1.74	1.92	1.88	1.99
Venezuela	7.3	6.9	6.6	7.0	7.3	.50	.46	.39	.41	.41
ASIA AND OCEANIA										
Australia	21.9	21.0	23.3	27.4	25.3	1.44	1.37	1.52	1.74	1.59
China	13.3	8.8	8.9	10.5	13.2	.01	.01	.01	.01	.01
Japan	75.1	74.6	76.3	75.5	79.7	.63	.63	.64	.62	.66
Philippines	5.3	2.9	..	4.2	1.9	.10	.06	..	.07	.04
WORLD TOTAL	1498	1557	1634	1741	1732					

Source: International Cocoa Organization

SECTION II: Non-tariff measures

A. Quantitative restrictions

26. As of 1 July 1987 none of the eleven markets under study maintained quantitative restrictions on tropical beverage items. In the past few years New Zealand eliminated all remaining quantitative restrictions on tropical beverage items, including the following:

- roasted coffee;
- extracts, essences or concentrates of coffee;
- unsweetened cocoa powder.
- tea in packages under 2 kgs;
- cocoa paste, whether or not defatted

Source: L/5640/Add.18/Supp.1 and Import Licensing Schedule of New Zealand.

(Note: GATT documents AG/FOR series include indications of import control measures taken by importing members of the International Coffee Agreement and the International Cocoa Agreement under the provisions of these Agreements.)

B. Selective internal taxes (excise taxes)

27. Internal taxes are applicable to both domestic production and imports. However, internal taxes on such tropical products as coffee, tea and cocoa apply only to imports (from whatever sources including the ACP countries). In that sense, they are no different from customs duties without preferential treatment. Such internal taxes are a legacy of the time when these products were considered as "easily taxable luxury items". Such taxes have been gradually reduced or removed in a number of developed countries as these products have assumed the character of ordinary consumer goods. Moreover, with the increasing importance of general internal taxes such as the value-added tax, governments have come to rely less on taxes on tropical products as a source of revenue.

28. Selective taxes on tropical products have drawn particular attention in the work of GATT for developing countries since 1959. A report of Committee III in 1959 stated that "in regard to coffee, tea and cocoa, the taxes impinge exclusively on imports from the less-developed countries as there is no domestic production in the country imposing the taxes" (BISD, Eighth Supplement, page 138). The Ministerial Declaration of 1961 stated that "fiscal charges, whether imposed as tariff duties or internal taxes may inhibit efforts directed towards increasing consumption of particular products important in the trade of less-developed countries and, even where applied equally to imports and to competing domestic products, can be a serious obstacle to the expansion of trade" (BISD Tenth Supplement, page 30). One of the results of GATT activities in this area was the adoption of the provisions of GATT Article XXXVII:1(c) in Part IV with respect to "fiscal measures which would hamper, or which hamper, significantly the growth of consumption of primary products, in raw or processed form wholly or mainly produced in the territories of less-developed contracting parties, and which are applied specifically to those products". It may also be noted that Paragraph 1 of GATT Article III states: "The contracting parties recognize that internal taxes and other internal charges... should not be applied to imported or domestic products so as to afford protection to domestic production."

Source: COM.TD/W/328/Add.2, COM.TD/W/329/Rev.1 and COM.TD/W/402.

29. In the Tokyo Round Negotiations, some member countries of the EEC submitted the following statements with regard to selective internal taxes on tropical products:

"EEC - statements on internal specific taxes applied to tropical products"

"The Community has taken note of the observations made by a number of developing countries as regards specific taxes on a number of tropical products. In this respect, the member States which apply such taxes, make the following statements:

- "the Government of the Federal Republic of Germany, which applies specific taxes to coffee and tea, undertakes not to increase the level of these taxes in future;
- "the Government of Denmark states that it does not expect to increase the level of the specific taxes, which it applies to coffee and tea;
- "the Government of the French Republic, which applies specific taxes to tea, cocoa and some spices, undertakes not to increase the level of these taxes in future;
- "the Government of Italy, underlining the link with current economic policy in the present situation of that country, indicates that it will take this problem into consideration in a sympathetic manner."

Source: COM.TD/W/328, Annex 3.

30. In 1987 the Japanese Government submitted to the Diet a sales tax bill and a bill to eliminate commodity taxes on non-alcoholic beverages, etc. including coffee and cocoa powder. Although these two bills were aborted at the time, the Tax Reform Consultation Body newly established in the Diet is examining the possibility of a fundamental tax reform, which would entail the abolition of the 5 per cent tax on non-alcoholic beverages.

31. On the basis of information available at the secretariat, Table 13 shows the rates of selective internal taxes in force and ad valorem incidences of specific rates. Most selective internal taxes are specific rates. Ad valorem incidences are, unless otherwise indicated, based on average unit values of imports of the country concerned in 1985. In cases where the same specific rate has remained in force, ad valorem incidence of the rate declined between 1981 and 1985 owing to increased prices of tropical beverage items in the period. However, as of early 1987, prices are lower than in 1985 and incidences have therefore risen again.

32. Coffee, tea and cocoa compete as beverage items with soft drinks and juices. In the European countries maintaining selective internal taxes on tropical beverage items, however, these competing beverage items, many of which are newcomers to the market, are rarely subject to such taxes.

Table 13
Selective Internal Taxes
(rates and ad valorem incidences)

Note: Ad valorem incidences indicated in parentheses are, unless otherwise indicated in footnotes, based on average unit values of imports of the country concerned in 1985. In the case of EEC member countries, imports from outside the EEC have been used wherever available. Actual incidences as of early 1987 are higher than those indicated in this table due to lower prices of tropical beverage items.

Coffee	Belgium/ Luxembourg BF per kg.	Denmark DKr per kg.	F.R. Germany DM per kg.	Italy Lit per kg.	Japan
Not roasted: regular decaf.	8(5.7%) 8(5.1%)	4.35 (15.1%) 4.35 (10.3%)	3.60(40.9%) 3.80(34.2%)	500 (9.0%) 525 (6.5%)	5% 5%
Roasted: regular decaf.	10(6.3%) 10(4.2%)	5.22 ² (14.5%) 5.22 ² (9.9%) ³	4.30(27.0%) ³ 4.55(22.9%) ³	625 (9.8%) 656.25 (5.7%)	5% 5%
Extracts: regular decaf.	28(9.8%)	13.05 (10.3%)	9.35(55.7%) 9.90(n.s.)	1,500 (5.2%) 1,575 (n.s.)	5% 5%
Tea		Denmark DKr per kg.	F.R. Germany DM per kg.	France F per kg.	
Bulk		5 (17.1%)	4.15(49.4%) ⁴ (71.8%) ⁴	0.23 (0.8%)	
In small packages (3 kg. or less)		5 (8.4%)	4.15(34.3%)	0.23 (0.4%)	
Extracts		12.5 (5.7%)	10.40(50.5%)	0.828 (4.0%)	
Cocoa	Norway NOK per kg.	Denmark DKr per kg	France F per kg.	Italy Lit per kg.	Japan
Beans		18.75 ⁶ (88.4%)	0.07 (0.3%)	180 ⁷ (3.9%)	
Paste	9.40 ⁵ (32.2%)	12.50 ⁶ (64.8%) ³	0.085(0.4%)	225 (7.0%)	
Butter	9.40 ⁵ (20.7%)	12.50 ⁶ (27.8%)	0.085(0.2%)	280 (3.0%)	
Unsweetened powder		12.50 ⁶ (152.4%)	0.085(0.6%)	170 ⁸ 225 (5-6%)	5%
Bananas, fresh				525 (68%) ¹	

¹ Incidence of imports from all sources in 1986.

² Reduced from DKr 5.40 per kg. on 1 April 1986

³ In 1985 there were no imports from outside the EEC. These incidences are based on imports from EEC members.

⁴ Incidence based on the average London price of tea (source: IMF)

⁵ The tax rate was NOK 7/kg on 1 April 1981 (cf.COM.TD/W/329/Rev.1). According to the delegation of Norway, it was changed as follows in recent years: 1 April 1985 NOK 8.50/kg., 1 April 1986 NOR 9.10/kg., 1 April 1987 NOK 9.40/kg.

⁶ Increased to this level on 1 April 1986. The tax rate on cocoa products recorded in COM.TD/W/329/Rev.1 was DKr 6 per kg.

⁷ The rate of tax on unroasted cocoa beans. The rates on roasted beans are Lit 200/kg. and Lit 225/kg. on uncrushed and crushed roasted beans, respectively

⁸ Cocoa powder containing less than 1 per cent of cocoa butter.

33. Having regard to the provisions of the General Agreement and their other international commitments including some international commodity agreements, certain countries have refrained from introducing or increasing taxes on tropical beverage items in spite of proposals to do so for fiscal reasons. However, Belgium and Luxembourg introduced new taxes on coffee in 1981. Denmark and Norway have raised specific tax rates on cocoa for revenue reasons.

34. A feature of specific rates is that their incidence is higher on low-quality/low-priced goods than on high-quality/high-priced goods. For example, tea prices per kilogram vary widely according to quality and degree of processing, and so do the tax incidences on different teas. Given a relatively high tax incidence on low-quality tea, German importers generally purchase only high-quality teas. Therefore, the incidence of the German tax on tea obtained on the basis of the average German import unit value is much lower than that calculated on the basis of the average London price of tea. The impact of such taxes has been felt mainly by exporters of bulk tea as against those of packed tea and exporters of low-quality tea as compared to those of high-quality tea.

35. The nature of a specific rate is such that its incidence increases when import prices in terms of the currency of the country concerned decrease, and vice versa. Such import prices have fluctuated as a result of fluctuations in prices on the world market and in exchange rates. For example, reduced prices as well as revaluations of a currency bring about increases in the incidence of a specific tax rate.

C. Other notified non-tariff measures

Coffee and processed coffee

36. Japan applies phyto-sanitary regulations to coffee¹ and New Zealand to selected items.² Norway applies labelling regulations on coffee.³ New Zealand applies labelling,⁴ marketing and packaging regulations on all coffee and coffee products.

Tea and processed tea

37. New Zealand applies labelling, marketing and packaging regulations to all forms of tea;⁴ Norway applies labelling regulations to tea.⁵

¹GATT justification: Article XX(b); Source: AG/FOR/JPN/2.

²(CCCN ex0901); GATT justification: Article XX(b); Source: AG/FOR/NZL/1.

³(CCCN ex0901); GATT justification: Article XX(b); Source: AG/FOR/NOR/1.

⁴GATT justification: Article XX(b); Source: AG/FOR/NZL/1.

⁵(CCCN ex0902); GATT justification: Article XX(b); Source: AG/FOR/NOR/1.

Cocoa and cocoa products

38. Japan and Sweden apply phyto-sanitary regulations to cocoa beans and unsweetened cocoa powder, respectively.¹ Norway applies labelling regulations to cocoa and cocoa products.² In Switzerland, a contribution is levied on cocoa imports towards a guaranteed fund for compulsory reserves. The stated aims of the fund are to protect the holders of stocks against possible losses and to cover warehouse costs. The contribution is regarded as a fee for services rendered by a mutual aid organization for holders of stocks.³ (N.B. Switzerland uses automatic licensing for all tropical beverages.)

SECTION III: Activities of other organizations

39. Several international organizations undertake work which is relevant and complementary to negotiations in the GATT on tropical products.

40. With respect to inter-governmental facilities to compensate for shortfalls in commodity export earnings, the IMF Compensatory Financing Facility (CFF) and the STABEX programme for ACP countries are noteworthy as measures of temporary balance of payments loans in the case of the CFF and financial transfers in the case of STABEX to stabilize export earnings, while the variety of development projects and financial arrangements to promote and diversify exports are numerous.

41. Under United Nations auspices, UNCTAD is a major forum for international commodity study, evaluation and debate. Its principal achievements have been the Integrated Programme on Commodities (IPC), established as a result of Resolution 93(IV) at UNCTAD IV and the Agreement on the Common Fund for Commodities. Designed to bring stability and strength to international commodity markets, it was concluded in 1980 but has not yet entered into force.

42. As part of the implementation of the Integrated Programme on Commodities various international commodity agreements (ICAs) have been negotiated or renegotiated; in tropical beverages, the 1986 International Cocoa Agreement has recently entered into force. The market regulating mechanism, the buffer stock, with a capacity of 250,000 tonnes (which can be increased to 350,000 tonnes) is designed to stabilize prices by buying up cocoa on the open market when prices fall below 1,600 SDRs/tonne or selling when prices reach 2,270 SDRs/tonne. Purchases were suspended on 22 June 1987 after the maximum 75,000 tons was reached. Purchases may take price differentials into account and cocoa may also be bought from non-ICCO members up to a limit of 15 per cent of total purchases during the life of the Agreement. The buffer stock will continue to be financed through a levy on exports and imports from non-member producers of US\$30/tonne. Other innovations differentiating the new Agreement from the 1980 Agreement are the introduction of "may buy" and "may sell" zones 3¢ above or below the

¹ GATT justification: Article XX(b); Source: AG/FOR/SWE/2 and AG/FOR/JPN/2.

² GATT justification: Article XX(b); Source: AG/FOR/NOR/1.

³ GATT justification: Article VIII; Source: COM.TD/W/329 and L/5223; and AG/FOR/CHE/1.

upper and lower intervention price, the calculation of prices in SDRs to alleviate the distortions caused by fluctuations of a single currency and a "withholding" scheme, a system of national stocks, either when 80 per cent of the buffer stock capacity has been filled or financial resources of the buffer stock are only sufficient to purchase 30,000 tonnes of cocoa.

43. The International Coffee Agreement 1983 effective through September 1989, which was negotiated between the twenty-five importing and fifty producing (the largest of which are Brazil, Colombia and Indonesia) members of the International Coffee Organization, is based on export quotas to stabilize prices, applied when the moving average price falls below a given price. The sharp rise in price - reaching an eight-year high of US\$2.20/lb - at the end of 1985 brought to an end the ICO's successful five year record of keeping coffee prices within an agreed range. Quotas were suspended on 19 February 1986. Quotas were reintroduced in October 1987 but since reduced from an overall 18 million¹ to 54.5 million b.o.p. The price ? remains at 120-140 cents per pound.

44. The Commodities and Trade Division (ESC) of the Food and Agriculture Organization (FAO) of the United Nations pioneered commodity research and techniques for international co-operation in commodities, including tropical products. This Division, whose activities are geared towards improving the functioning of international trade in agricultural commodities, monitors the world market situation and advises developing countries on the implementation of their national commodity policies. In addition, while working closely with UNCTAD and independent commodity councils, the Division services the Committee on Commodity Problems (CCP) which over the years has created a network of intergovernmental groups of interested producing and consuming countries; such a group was established for tea in 1969. FAO's Intergovernmental Group on Tea issues reports at regular intervals on production, trade, consumption and prices of tea. Under both the FAO and the ISO (International Standards Organization) fora, discussions concerning minimum quality standards are continuing; the single regulation registered (ISO/3720) is a general guideline for the harvesting, processing and manufacturing of tea leaves into quality grades.

45. Through the International Trade Centre (ITC), jointly funded by GATT and UNCTAD, technical cooperation activities, such as workshops and advisory assistance, affecting tropical beverages is ongoing. A Cocoa Traders' Guide addressing in particular the needs of the smaller and less-developed cocoa-producing countries, will be published shortly and a Coffee Traders' Guide is in preparation. Recently, ITC organized a symposium on the financial aspects of tea production for export and this year will provide some inputs to an international conference on bulk packaging of tea. The possibility of an international tea agreement has intermittently been under discussion among tea-producing countries for more than a decade. The International Tea Promotion Association (ITPA), an intergovernmental body of tea producing-exporting countries, was established in 1980; however, the largest producers, India and Sri Lanka, withdrew their membership. In 1983/84, India restricted tea exports for a period of time and prices rose accordingly although have since returned to previous levels.

¹For reference, the 1979-81 average ICO composite indicator price was 134 US cents/lb.