THE FACIAL POSITION UNDER THE TREATY OF ROME

1. The detailed information furnished by the Six concerning unroasted cocoa beans is reproduced in Table A appended to this Report. The following are the salient features noted by the Working Party and any discussion of these matters is reported in Part Three or in the Working Party's main Report (L/805).

Present Import Duties of the Six

2. The legal tariffs on cocoa for the Benelux, France and Italy are 10, 25 and 5 per cent respectively. These rates, however, were suspended in the post-war period and on 1 January 1957 the applied tariff was zero, so that imports of cocoa from all sources entered duty-free. In the Federal Republic of Germany the legal rate of 10 per cent was effectively applied.

The Establishment of the Common Tariff

3. The level of the common external tariff for cocoa has been fixed in List F at the ad valorem rate of 9 per cent. This rate is to become effective in the Federal Republic of Germany at the end of the fourth year, while in Benelux, France and Italy duties of 2.7 per cent will be imposed at the end of the fourth year, 5.4 per cent at the end of the second stage and 9 per cent at the end of the transitional period.

4. The Working Party noted that the duties for cocoa butter, cocoa paste, etc. have not yet been determined since they are in List G. The tariffs will therefore be subject to negotiation between the Member States.

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1 The abbreviations used in Table A are explained in Annex D to the main Report (L/805).
Duties on Imports from the A.O.T's

5. In Benelux, France and Italy, imports of cocoa from the associated overseas territories will be admitted duty-free. In the Federal Republic of Germany the duty will be reduced to 7.5 per cent, 5 per cent and zero at the end of the first, second and third stages respectively.

6. The differences between the duties to be levied on imports from third countries and the duties, if any, that will apply to imports from the A.O.T's at various stages, are set out in the following table:

<table>
<thead>
<tr>
<th></th>
<th>After first stage</th>
<th>After second stage</th>
<th>At the end of the Transitional Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benelux</td>
<td>2.7%</td>
<td>5.4%</td>
<td>9%</td>
</tr>
<tr>
<td>France</td>
<td>2.7%</td>
<td>5.4%</td>
<td>9%</td>
</tr>
<tr>
<td>F.R. of Germany</td>
<td>1.5%</td>
<td>4.0%</td>
<td>9%</td>
</tr>
<tr>
<td>Italy</td>
<td>2.7%</td>
<td>5.4%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Quantitative Restrictions

7. No restrictions on imports of unroasted cocoa beans are maintained by the Federal Republic of Germany and Italy. The Benelux have a licensing system but import licences are issued freely. Quantitative restrictions on cocoa have only been applied in France since 18 June 1957 as part of a general programme of withdrawal of trade liberalization measures. Prior to that date France had traditionally admitted cocoa free of restrictions.

The Agricultural Provisions of the Treaty

8. Cocoa is included in Annex II of the Treaty. The provisions of Articles 39 to 46 of the Treaty could therefore be applied.
PART TWO

BACKGROUND INFORMATION ON TRADE AND TRADE PATTERNS OF COCOA

General

9. Cocoa is of some importance in world trade. The value of world cocoa exports in 1955 was of the order of $500 million, which represented about 9 per cent of the total export trade in the main tropical food products entering international trade.

10. The following table shows the value of exports of cocoa beans for the main cocoa producing countries and the percentage of cocoa in the value of their total exports:

<table>
<thead>
<tr>
<th></th>
<th>Value ($ million) and per cent of total exports of all commodities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1955</td>
</tr>
<tr>
<td>Associated Overseas Territories of the Six</td>
<td></td>
</tr>
<tr>
<td>French Cameroons</td>
<td>46</td>
</tr>
<tr>
<td>French Togoland</td>
<td>13</td>
</tr>
<tr>
<td>Ivory Coast (French West Africa)</td>
<td>63</td>
</tr>
<tr>
<td>Other GATT Countries and Territories</td>
<td></td>
</tr>
<tr>
<td>Ghana</td>
<td>183</td>
</tr>
<tr>
<td>Brazil</td>
<td>91</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>24</td>
</tr>
<tr>
<td>United Kingdom Dependencies:</td>
<td></td>
</tr>
<tr>
<td>Nigeria</td>
<td>73</td>
</tr>
<tr>
<td>Grenada</td>
<td>2.5</td>
</tr>
<tr>
<td>New Zealand Dependencies:</td>
<td></td>
</tr>
<tr>
<td>Western Samoa</td>
<td>2.5</td>
</tr>
<tr>
<td>Other Countries</td>
<td></td>
</tr>
<tr>
<td>Ecuador</td>
<td>19</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>6</td>
</tr>
</tbody>
</table>


1 The value of exports of tropical food products is here considered as the combined total export value of the following products: cocoa, coffee, sugar, tobacco, tea, bananas, coconuts and products, and citrus fruits. The estimates are according to International Monetary Fund, International Financial Statistics.

2 The low figure in 1956 due to effects of hurricane in September 1955.
11. It follows that the economic well-being and hence the political stability of the above under-developed countries is particularly dependent upon the maintenance of their export trade in this commodity. This is especially true of the following countries represented in the GATT: Ghana, the Federation of Nigeria, Dominican Republic, Grenada, Western Samoa and, amongst the A.O.T.'s, the Ivory Coast, French Camerons and French Togoland. Of countries which are not members of GATT, cocoa exports are important to Ecuador, Costa Rica, Venezuela and Spanish Guinea.

12. The Six are important traders in this commodity taking the average of world cocoa trade. In 1955 and 1956 they accounted for about 32 per cent of total world imports as compared with 15 per cent for the United Kingdom and 34 per cent for the United States.

13. Moreover, the market of the Six is of special direct importance to certain GATT countries. In 1956 Ghana sent about 47 per cent of its total cocoa bean exports of about 238,000 tons to the countries of the Six, and for a number of other countries the proportion was as follows (total export quantity in brackets): Brazil 26 per cent (126,000 tons), Nigeria 26 per cent (119,000 tons), Sierra Leone 41 per cent (2,000 tons), Trinidad (in 1955) 23 per cent (7,000 tons), Grenada 19 per cent (500 tons), Indonesia 93 per cent (500 tons), Ceylon 24 per cent (3,000 tons). The Associated Territories of the Six exported in 1956 about 133,000 tons of cocoa beans, of which about 97,000 tons, or 73 per cent, to the countries of the Six. About 2,500 tons went to other Western European countries and over 33,000 tons to other destinations, mainly North America.

14. Of the total stated imports of cocoa and cocoa products of the Six Member States in 1956 of about 272,000 tons - about 97,000 tons, or 36 per cent, were supplied by the A.O.T.'s (94,000 tons from French and 3,000 tons from Belgian territories). The other principal suppliers were Ghana with about 72,000 tons (26 per cent), Brazil 35,000 tons (13 per cent), and Nigeria 31,000 tons (11 per cent). The remaining 14 per cent was supplied principally by Portuguese territories, British West Indies, the Dominican Republic and Ceylon. The total value of the imports into the Six in 1956 was about $176 million (c.i.f.).

15. Within this overall picture, France took about 84 per cent of its supplies from the A.O.T.'s (almost wholly its own), Germany 15 per cent, Belgium 16, Netherlands 35, and Italy 32 per cent.

16. Tables B and C appended to this Annex show the more detailed pattern of trade in cocoa in 1956. Table B is based on export statistics of the main exporting countries and Table C on import statistics of the Six and certain other large importing countries. Table B shows exports of cocoa beans only, whereas Table C comprises beans as well as products (cocoa powder, butter, paste etc.). Even if both tables related to cocoa beans only there would be wide discrepancies between the export and import statistics referring to the same trade flow, due mainly to differences in the system of recording trade (General and Special Trade) but also to a number of other factors.
Varieties

17. Cocoa beans are sold in two main grades, Ordinary and Fine, about 90 per cent of the world's output now falling in the former category. There are few possibilities of substitution between the two grades, a small percentage of the fine grades being essential in the production of better quality chocolate.

Substitutes

18. No fully adequate substitute for cocoa as a flavouring compound has been discovered. Various partial substitutes for cocoa butter have been used from time to time when prices have been high, but it is only recently that a really satisfactory substitute has been marketed. It is understood that there are practical limits to any substantial increase in this substitute, but no doubt research will continue and would be stimulated by an era of very high prices. There are indirect substitutes for cocoa of many kinds; even milk powder, nuts and raisins are indirect substitutes in that they can be used partially to replace cocoa and cocoa butter in chocolate. There is also the competition that cocoa and chocolate encounter from other drinks and sweetmeats.

Semi-manufactured and manufactured products

19. Cocoa can be readily converted into cocoa paste, cocoa powder, chocolate liqueur, cocoa butter and other semi-manufactured products. An international trade in these items is already of some importance at present, mainly between manufacturing countries, exports from the Netherlands being especially important. Recently, however, certain cocoa producing countries, notably Brazil, Dominican Republic, Ghana and French Cameroons, have entered the trade and the interests of producing countries in these products will grow. Furthermore, there is an important international trade in chocolate and other products manufactured from cocoa. Its influence on trade in raw cocoa is indirect in that appreciable quantities of cocoa both enter and leave cocoa markets of the Six in the form of these products. For example, the Netherlands exports $50 millions' worth of cocoa beans of which 70 per cent was exported to countries outside the Community.

Transit and re-export trade

20. There is an important transit and re-export trade in cocoa beans. The Netherlands and the Federal Republic of Germany in particular re-export substantial quantities of cocoa beans. This factor has an influence on trade statistics (cf. above, paragraph 16). The trade statistics of the Member States do not bring this out in that any imports by other Member States from the Netherlands or the Federal Republic of Germany are shown in the statistics as imports from the Netherlands or the Federal Republic of Germany and not as imports from the country of origin. The export statistics of producing countries, however, give a substantially different picture of the pattern of trade with the Six. They are normally based on country of first consignment. This is a well-known feature about trade statistics. It would have been most time-consuming to reconcile the various figures available; the Working Party has therefore merely noted this difficulty. In 1956 the United Kingdom re-exported about 8,000 tons of raw cocoa of which nearly 4,000 tons went to the Six, mainly to the Netherlands and the Federal Republic of Germany. In 1956
the Netherlands imported about 67,000 tons of cocoa beans and re-exported
10,000 tons, of which 4,000 tons, or 40 per cent went to customers other
than the Six. In addition the Netherlands had an average annual transit
trade to all other countries of about 85,000 tons of cocoa beans.

Prospects of world supply and demand for cocoa

21. Cocoa prices have been extremely sensitive since the war. The average
annual New York price moved from 21.6 cents per lb in 1950 to 57.8 cents in
1954, and fell in 1956 to 27.3 cents. Much wider ranges are shown by monthly
averages, for example in August 1954 and 1956. These price changes arose from
relatively small changes in the supply-demand position, in the view of trade
experts a change of 50,000 tons in this relationship in either direction would
be responsible for a swing up or down of the price of the order of about
$300 per ton.

22. Studies undertaken by the FAO indicate that world consumption might
increase at the annual compound rate of 2 per cent, on certain assumptions
regarding the price level which cocoa producers would generally regard as low.
It was further assumed in these studies that new markets would develop in
Eastern Europe, USSR, Asian countries and elsewhere.

23. Estimates for the development of world production of cocoa seem to indicate
that under favourable circumstances there might be an increase of about 10 per
cent over the next five years, depending also, however, on the development of
prices and other relevant market factors. In the more distant future the
expansion in production would depend on such factors as new areas being opened
up, the use of new high-yielding varieties and the conquest of certain serious
cocoa diseases (particularly black pod and swollen shoot). On the other hand,
cocoa trees in many producing countries were now reaching the age of declining
yields and there was a natural reluctance on the part of producers to forego
a present income to replant these trees with new high-yielding varieties.

24. It appeared in these circumstances that for the next five years supply
and demand for cocoa would be approximately in balance. As regards the long-
term outlook there did not seem to be any factor known at present which would
point definitely either to an upward or downward trend in the market. The
Working Party took note of the fact that the FAO Cocoa Study Group is at
present examining the possibilities for limiting price movements, within
agreed upper and lower limits taking into account all relevant economic
factors, including the basic causes of price instability.

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1 The prices quoted are year average of monthly averages, New York spot
Acexa ex warehouse. This price is fixed daily by an official committee.
The data are from the FAO Cocoa Statistics, January 1958.
PART THREE

THE SHORT AND LONG-TERM PROBLEMS WHICH THE ASSOCIATION OF THE A.O.T's RAISED FOR THE TRADE OF OTHER CONTRACTING PARTIES TO THE GENERAL AGREEMENT

I. The New Tariff Regime

A. Effects within the Community and the A.O.T's

25. Representatives of cocoa-producing countries other than the Six* considered that the common tariff of 9 per cent and the duty-free entry of cocoa from the A.O.T's of the Community into the whole market of the Six under Article 133(1) of the Treaty would constitute a discriminatory tariff in favour of the O.T's. This compared with the previous position in 1957 in which there were no applied preferential tariffs on behalf of the A.O.T's in any market of the Six.

26. The representatives of the Six were of the opinion that the abolition of tariffs on trade inside a free-trade area could not be considered as constituting a discriminatory measure.

(i) Effects on price levels in the Community and A.O.T's

27. Representatives of producing countries other than the Six argued that, in accordance with their general views on preferences set out in the main Report, since the present production of the A.O.T's was about a half of the actual market requirements of the Six the preference would be fully effective for so long as the total cocoa production of the A.O.T's fell short of total requirements. The A.O.T's would, moreover, generally speaking be able to sell to the Six at a premium of 9 per cent above the world market price. This would mean that the price level for cocoa beans within the Six would be 9 per cent above the level in the rest of the world. These new price levels would be established as soon as the provisions of the Treaty in relation to cocoa had been fully implemented but would commence to take effect within the first part of the transitional period. Even where internal stabilization or marketing schemes existed, over a period and on the average producers should still receive the full benefits of the enhanced prices their products would receive in the markets of the Six. Experience of preferential tariffs in the United Kingdom and other markets, as well as of tariff protection for domestic producers in many countries showed that, whenever supplies did not fill the whole of the market such price premiums are, in the absence of exceptional factors, always established.

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* As used in this Report the words "producing countries other than the Six" refer to the following members of the Working Party: Brazil, Ceylon, the Dominican Republic, Ghana and the United Kingdom.
28. The representatives of the Six could not concur with this view and pointed out that experience in the past had shown that a preferential margin was never fully reflected in the remuneration of the producer. By way of illustration attention was drawn to the fact that preferences for other products had already been in force in France and in other countries, for instance the United Kingdom, and the prices of these products did not reflect a premium equal to the amount of the preference. Furthermore, the tariff provisions of the Treaty of Rome will be put into effect gradually. The production from plantings made in recent years prior to the conclusion of the Treaty is, moreover, far from sufficient to meet the Community's total needs. An additional limiting factor on the prices actually received by the producers lay in the operation of systems for stabilizing prices paid to producers in force in certain important producing territories, for example in the Commonwealth and the French territories. The intent of these schemes was to isolate the price paid to producers from short-term price fluctuations in world markets, it being considered that the influence of the preferential margin was negligible in relation to the wide fluctuations of world prices.

(ii) Effects on consumption in the Community

29. Representatives of producing countries other than the Six considered that the increase in the price of cocoa within the Community, as a result of the increased tariff level, accentuated by the ad valorem fiscal duties in chocolate and other cocoa products, would reduce the demand for cocoa products within the Community. The increase in the cocoa bean price level of 9 per cent in France, the Benelux and Italy (reflecting the increase from zero to $6 million per annum in net duty collection) would have to be passed on to consumers since it was a permanent increase which (unlike normal market price rises) manufacturers could not expect to recoup in times of lower prices. Prices of other ingredients of chocolate, such as sugar, were also likely to increase as a result of the Treaty of Rome. As indicated in the main Report they did not consider that the fact that this rate was lower than the legal rates in France was relevant since the latter rate had not been applied for many years and would only have been applicable on a smaller fraction of French imports at any time.

30. Moreover they considered that an internal duty might be levied to compensate for loss of fiscal revenue in the Federal Republic of Germany and that in any case the anticipated increase in demand in the Federal Republic of Germany could hardly compensate for the fall in demand elsewhere in the Community. Furthermore, they disagreed with the representatives of the Six that consumption of cocoa products would increase in Italy since they maintained that climatic considerations weighed against an appreciable increase there. They also pointed out that countries like the United Kingdom and the United States with high living standards appeared to have reached saturation point in their per capita consumption
of cocoa regardless of the market price, that there were similar signs of a limit of consumption being reached in the Netherlands and the Federal Republic of Germany, so that rising living standards in the Community were unlikely to lead to a further appreciable increase in consumption in the Community.

31. They considered furthermore that demand within the Six would turn towards supplies from the A.O.T's since those supplies would be available duty-free. Since the cocoa produced in the A.O.T's could be substituted directly for cocoa from other large sources of supply, such a tendency to switch to A.O.T. supplies would be largely effective as soon as a preferential margin in the duty began to be applied, it would be fully effective by the end of the second stage of the transition period when the preferential margin becomes 4 - 5 per cent. By that time, under conditions of normal competition, all the production of the A.O.T's would be fully taken up by the Community before any supplies were purchased from other sources (apart from marginal quantities of fine cocoas - paragraph 17 above). Any desire to retain existing market connexions with third country suppliers would not be able to resist the influence of the preferential margin given to A.O.T. cocoa. Only government interference with normal market forces could prevent this happening.

32. The representatives of the Six drew particular attention to a fact which seemed to be deliberately overlooked, but which was obviously of prime importance in any study of the possible effects of the Treaty of Rome on cocoa consumption. They emphasized that at present the Federal Republic of Germany and France were the two major cocoa consumers in the Community and that the duties in the customs tariffs of those two countries before the entry into force of the Treaty were respectively 10 and 25 per cent. The common tariff duty was 9 per cent, and the new situation resulting from the Treaty at the end of the transitional period would therefore be more favourable than the present situation and would constitute a substantial advantage to consumers, hence, an indirect benefit to the various producers.

33. The representatives of the Six moreover, put forward the view that it would economically not be justified to assume that the tariff of 9 per cent would be fully reflected on the price of the finished product to the consumer and hence lead to a decrease in consumption. On the one hand, as stated above, the tariff was neither automatically nor fully reflected on the price of cocoa and, on the other hand, it had been estimated in an OEEC study on cocoa that the extent to which the cost of cocoa beans entered into the price of the finished product varied between 33 1/3 per cent and 50 per cent. In the Common Market itself the representatives of the Six, taking into account that chocolate in most of the countries of the Six has, up to now, been a luxury product, considered that consumption would increase following an expected rise
in the standards of living, apart from an increase in consumption in the Federal Republic of Germany as a result of the reduction of the import duty. In Italy there has been, in recent years, a rapid expansion in the consumption of chocolate products made out of admixtures of cocoa and cocoa substitutes. There was, therefore, room for a considerable improvement in cocoa consumption on this market. It was again recalled that the price of the primary product was an important criterion in the determination of cocoa consumption and it was essential that it be taken into account. It was obvious that beyond a certain level prices acted as a deterrent upon the consumer and a study of the market had shown that there had been very wide fluctuations in cocoa prices in recent years. Therefore, in speaking of market saturation a clear indication should be given as to what price level for the primary product was under reference.

34. The representatives of the Six saw no justification in the assertion that the establishment of a customs duty would necessarily result in a drop in consumption in countries other than the Federal Republic of Germany; it would be incorrect to state that consumption increased inversely to the price of cocoa, which in the first place was only a relatively minor element in the price of chocolate; in fact, the development of consumption was threatened only above a certain price level which was generally considered as being 35 cents per pound c.i.f.; below that level, fluctuations in the price of cocoa had relatively little effect. Moreover, it was not possible to predict the level of the fiscal duty which the Federal Republic of Germany might decide to levy; all that could be said was that it would not affect consumption if it was fixed at a reasonable level.

(iii) Effects on production in the A.O.T's

35. Representatives of producing countries other than the Six held the view that as a result of the new preference the members of the Community would in future tend to turn first to the A.O.T's for their supplies. They noted that production in the A.O.T's had risen by nearly 100 per cent during the past decade and considered that with recent new plantings this strong upward trend would continue (more than counter-balancing any reduction due to ageing). It was inconceivable that such a steady upward trend could cease abruptly. This additional production coming forward in the next few years would accentuate the dislocation of trade arising from the new preference, and was a clear indication of what could happen in the more distant future.

36. These members maintained that the premium of 9 per cent above the world price must eventually be largely passed on to producers in the A.O.T's. The prospect of receiving such a price increase and, even more, the assurance of a market in the Six for at least another
100,000 tons of cocoa production would (by themselves, apart from other incentives) have the immediate effect of stimulating substantially, in an artificial way, cocoa production in the A.O.T's of the Six. Attention was drawn to the fact that experience in Africa had amply shown already that under the right conditions, production of cocoa could be very rapidly increased and in the case of Ghana production rose from 6,000 tons to 135,000 tons in fifteen years at a time when technological resources were much less than today. A recent report on the Ghana cocoa industry had shown that there were very substantial reserves of forest lands available for cocoa planting. Cocoa cultivation was being extended on a large scale in areas of Nigeria which had not previously been regarded as suitable for cocoa. In the light of this evidence from neighbouring countries and the rapid recent increases in cocoa production in the A.O.T's, some members of the Working Party considered that new plantings in the A.O.T's would continue for many years on a substantial basis.

Moreover, they pointed out that recent experience in many parts of Africa showed that great increases in production could be achieved from existing acreages by better cultivation practices and disease control measures. Replanting of old cocoa with new, high-yielding varieties could also eventually raise yields greatly on much of the land now containing older cocoa past its prime and under the proper stimulus producers could be persuaded to carry out such a changeover progressively.

Furthermore, they pointed out that as the 9 per cent preference in itself would give a substantial return on the capital invested in new cocoa, in addition to profits already being made on cocoa (which were considerable in Africa at present prices) this would act as a strong further attraction for the investment of private capital in cocoa growing in the A.O.T's. They also considered that the $500 million Investment Fund would contribute to the construction of the necessary basic services for opening up new areas within the A.O.T's. It was inevitable, moreover, that agricultural officers and other officials in the A.O.T's would give encouragement to the further development of this financially very attractive crop. Contrary to the opinion of the Six, therefore, the conclusion was inescapable that the 9 per cent preference would greatly stimulate production in the A.O.T's. They considered that at a most conservative estimate, taking the above factors into consideration, this would lead within the next fifteen to twenty years to additional annual exports from the A.O.T's of at least 50,000 tons above what would otherwise have come forward. This seemed to them to be an even more cautious estimate than the 23,000 tons estimate in the next five years for the French territories given by the Six themselves. Further increases substantially beyond these figures were undoubtedly possible in the more distant future and would, they believed occur under the influence of this new preferential regime. Hence in twenty or thirty years A.O.T's producers would probably be taking up the whole cocoa market of the Six, other than for fine cocoas. This could happen even if consumption within the Community expanded considerably.
39. The representatives of the Six reaffirmed their view that the full effects of the system could not be passed on to prices. An FAO publication pointed out that experience had shown that there was little likelihood that if a 9 per cent duty were levied, the producer in the Ivory Coast, for instance, would receive, all other things being equal, a price 9 per cent higher than that received by the producer in Ghana on the other side of the frontier. Moreover, it did not necessarily follow that an increased price would induce producers to expand their production. Producers were more concerned with a stabilization of their income rather than any immediate price benefits that may accrue from time to time. Accordingly, it would be in their interests as producers to pursue policies which would have a stabilizing influence on the world market situation for cocoa and not to take any action which would cause a slump in prices.

40. The representatives of the Six pointed out that additional production resulting from plantings made before the Treaty was drawn up could not be considered as being in response to the provisions of the Treaty itself, and were therefore irrelevant for the purpose of assessing the effects of the Treaty on future production. Furthermore, there were no grounds for the assertion that as a result of the 9 per cent duty the Member States would in future tend to turn to the A.O.T's for their supplies; in any case such an assertion ignored the fact that the dollar area was a very attractive market offering advantages which could not be under-estimated.

41. While the representatives of the Six acknowledged that production in the overseas territories would increase in the future, they stressed that due to obvious physical economic and financial limitations the rate of increase could not possibly equal that attained in the past, nor could it be by far of the magnitude envisaged by some members or be sufficient to meet the total requirements of the Six. The most optimistic forecasts for the next five years allowed for an increase in production of 23,000 tons in the French dependent overseas territories, taking into account the efforts made before the Treaty was drawn up. In this connexion they referred to the opinion of the FAO experts and publications, and to the O.I.C study on cocoa. The acreage of land suitable for the cultivation of cocoa was in fact restricted and the opening up of new outlying areas involved considerable capital outlay. A large proportion of the trees were aged and low-yielding. There was some producer resistance to the felling and replanting of old trees since it took a period of five to seven years for the trees to mature and become paying proposition. These factors, therefore, together with plant diseases and climatic conditions, militated against any expectancy that production in the overseas territories could increase to any considerable extent in the foreseeable future. They could not accept the example cited of the rapid increase of production in Ghana as being altogether valid since in this instance it referred to the years 1905-1920 when production started from almost zero and, by definition, the rate of increase would be rapid. The A.O.T's however, have been important producers of cocoa for a considerable period of time.
42. The representatives of the Six, furthermore, could see no justification in the apprehensions concerning the operation of the Investment Fund with respect to the expansion of cocoa production because of the fact that it was as yet too early to say what the activities of the Investment Fund would be. In any case the overseas territories were aware of the dangers of one-crop production and the vulnerability of under-developed economies which were largely dependent on one staple export product, and therefore of the necessity to undertake investment projects which would result in some diversification of production. With regard to private capital investment it must be borne in mind that plantations in the A.O.T's were at present entirely in the hands of African producers who were attached to their land to such an extent that, apart from other factors, it was impossible to consider investing private European capital in this sector. Moreover, as had already been pointed out, the 9 per cent duty would normally affect the producer in exceptional circumstances only. In normal circumstances, this preference should have only an insignificant effect on prices.
B. Effects on Trade of Third Countries

(1) Effects of new tariff régime on trade patterns over short and long-term

43. Representatives of producing countries other than the Six, since they held that the new tariff preference would make A.O.T. supplies substantially more attractive to importers of the Community than supplies from elsewhere (paragraph 31 above), considered that there would be a steady switch by importers towards A.O.T. supplies for home consumption, thus causing a grave dislocation of existing patterns of trade. This would be specially noticeable in the large German market which was at present fully open to all suppliers of cocoa on equal terms. A large part of the present sales to third countries of 30,000 tons would be very quickly taken up by the Community instead (in the absence of export subsidies – paragraph 46 below). This would have serious financial consequences for these countries in that existing trade connections would be broken and outside producers would not be able to market their products in the markets which had been accustomed to use them. Such a dislocation in existing trade patterns was in itself a legitimate cause for complaint under the GATT and the offsetting effect of such increased opportunities for selling in third markets as may arise from the withdrawal of A.O.T.'s cocoa from these markets did not in itself adequately protect the interests of other producers. Producers not enjoying any preferential market, such as producers in Latin America, would suffer especially from this creation of a further preferential market. This dislocation to existing trade patterns would be markedly accentuated in the immediate future by the additional supplies of cocoa which representatives of the Six admitted would be coming forward from the recent new plantings in the A.O.T.'s.

44. Even more important than this, however, was that looking further ahead the artificially stimulated production in the Six's Overseas Territories threatened other producers with the loss of a large part, and probably eventually the whole, of their existing market in the Six. This market consisted at present of some 140,000 tons worth – about $150 million per annum at current c.i.f. prices. The importance of the cocoa market of the Six to most cocoa exporting countries has already been noted (Part Two). In most cases it is at least 20 per cent and in one case (Ghana) as high as 47 per cent and in some cases as high as 40 per cent of total cocoa exports. Outside producers had no longer, moreover, any assurance of participating in any increase which may occur in the market for cocoa within the Six and those producers which had held a pre-war market in the Six would be precluded from regaining any part of that market.

45. These members noted that a further effect of the new preference would be that outside producers would be reduced to the status of the residual suppliers of cocoa to the Six. The Treaty of Rome itself makes clear that one of its objectives is to lessen dependence of the Community on outside supplies. This would mean that should there be at any time a falling demand for cocoa by the Six the reduction would first fall on outside producers, the Six continuing to provide a full market for whatever cocoa the A.O.T.'s produced.
46. They further noted the statements of the Six that producers would wish to retain their present dollar markets. They pointed out, however, that this dollar market had been partly obtained in the past five years at the expense of third countries selling similar cocoa by exceptional government measures of export promotion which had enabled shippers from certain of the A.O.T's to undersell third countries in the dollar area. Third countries had thus not only lost directly a portion of their dollar market, but had suffered a loss over the rest of their dollar sales owing to the generally lower prices caused by the weak selling of the A.O.T's. Since markets in the Community will in the future be financially more attractive than dollar markets owing to the 9 per cent preference, A.O.T. producers will only sell in the latter market, if the export incentives are very substantially increased or if managed market techniques are introduced to force producers to sell part of this crop in dollar markets. In either case the resulting weak selling in the dollar market will continue to depress prices there causing losses to third countries in respect of such cocoa as they do sell there. As production in the A.O.T's grows third countries are thus faced with the loss at one and the same time of some part (and eventually probably the whole) of their important market in Germany and of a part of their earnings from sales to dollar markets.

47. The representatives of the Six could not accept such views. The Preamble and Articles 18, 29(a), 110 and 234 of the Treaty took fully into account trade relations with third countries. They saw no reason to expect that there would be a dislocation of present trade relationships. In the first place production in the A.O.T's was not sufficient to supply the expanding European market and replace imports from third countries; indeed it was technically impossible for A.O.T. production to develop sufficiently in both quantitative and qualitative terms to meet the present total requirements of the metropolitan territories of the Six, let alone the future requirements. Furthermore, the A.O.T's would wish to retain their present foreign markets, particularly those in the dollar area. Any shift in cocoa exports from the present markets of the overseas territories to those of the Six that did in fact take place would in any case create additional outlets for other producers in these markets. In addition, attention was drawn to the fact that for the production of chocolate, chocolate paste and cocoa butter intended for export to third countries, producers in the Common Market would be able to obtain their supplies on the world market if they so wished. Moreover, it was by no means established that the customs duty would result in a price advantage sufficient to encourage increased production; in fact, it was to be expected that the duty would not have any effect comparable with the effect on prices of the wide fluctuations which usually occurred on the world market.

48. The representatives of the Six pointed out that for many years past there had been no change in the foreign trade system as far as cocoa was concerned and that sales were not subject to any controls. Fluctuations in the quantities exported to the dollar area were to be accounted for by the attractiveness of the dollar market in times of foreign exchange difficulties and in fact, were influenced mainly by the magnitude of crop production.
49. The representatives of the Six could not agree that the sale of 20,000 tons of cocoa to the dollar area at world prices could cause fluctuations such as would disrupt the cocoa market. On the other hand, they again reminded the Working Party that future prospects of cocoa production indicated only a fairly moderate increase as compared with an expanding world consumption and that therefore there was no reason to expect any disruption of the cocoa market, either as a result of present sales of French cocoa to the dollar area, or because of any future increase in production.

(i) Effects on world markets, taking due account of world supply and demand changes

50. Representatives of producing countries other than the Six noted that most serious of all, were the adverse effects on world cocoa prices which they foresaw as noted in Part Two. It was in their view that the cocoa market is a highly sensitive one and that experience since the war had shown that an imbalance between supply and demand of the order of 50,000 tons had changed price levels by as much as $300 per ton of cocoa. These members considered, therefore, that since the preferences referred to above would cause in the long-term an imbalance between supply and demand of at least the same tonnage (on very conservative estimates) world price levels could be similarly affected. A precise estimate of the overall losses which would thus be caused to third countries in say fifteen years time could not be made. Nevertheless, taking into account recent experience, the effects of these adverse factors alone (isolating them from other factors) could, in their view, result in annual losses to third country producers of cocoa of the order of $150 - $200 million per annum (in terms of present price levels). This assumed that other factors leading to change in cocoa prices in the future would approximately balance and, as already noted, (paragraph 21 above) there was no particular factor indicating any fundamental change in the position. Even if, however, the position were to be substantially changed by other factors, irrelevant in this context, producers in third countries would still receive substantially less than they would otherwise have done because of these adverse factors arising out of the Treaty of Rome.

51. They further pointed out that saturation point had already been reached in the important cocoa markets of the United Kingdom and the United States and that the expected 2 per cent increase in annual consumption calculated by the FAO was based on a price which producing countries generally regarded as low and it assumed substantial increases in consumption in the USSR, China and other as yet small markets. Even so, additional production likely to come forward from other sources, e.g. Latin America, was likely to correspond to this increase in consumption. These members concluded, therefore, that in this evenly balanced situation further additional production in the A.O.T.E. stimulated by the Treaty of Rome, would have a major depressing effect.
52. The representatives of the Six considered that any assessment of the losses which producers in third countries might suffer as a result of the Treaty of Rome was a rather academic exercise, since there was nothing to demonstrate that any losses would occur and the possible future effects of the Treaty were a matter for speculation. They held the view that it was difficult to make any comparison between the possible effects of the Treaty of Rome and those which resulted from each fluctuation occurring on the cocoa market. In any case it was difficult to isolate, as was being done, those very factors which made the cocoa market, like all other markets, a complex mechanism in which all factors were interdependent.

53. The representatives of the Six further pointed out that:

(a) The provisions of the Rome Treaty would be introduced progressively, and the short-term effects would be non-existent or very moderate.

(b) The Six had already indicated that for the present exercise plantings made in the last few years preceding the signature of the Rome Treaty were not to be taken into account.

(c) For the reasons already stated, the long-term prospects for expanded production in the associated territories fell far short of the Community's requirements, which in any case would increase as a result of the implementation of the Treaty provisions.

(d) Any decline in world prices would affect producers not only in third countries but also in the associated territories. As had been pointed out by the representatives of countries which were not members of the European Economic Community, it was therefore in the interest of the producers in the associated territories to avoid any action which might cause a slump on the world market.

54. The representatives of the Six considered, furthermore, that in accordance with the Working Party's terms of reference, any estimates on future patterns of trade should not be confined to the markets of the Six but should rather be made against the background of the future outlook on the world market. Demand for cocoa had a dynamic character since it was determined by such factors as population increase, levels of income and the price of the product itself. There was no evidence that world consumption would stagnate; indeed consumption studies by the FAO indicated that a 2 per cent per annum compound rate of increase in world consumption could be expected in future years. The fact that future prospects for cocoa were encouraging was further borne out by the intensive experimentation of cocoa substitutes at present being vigorously pursued. The view was held, therefore, that a point of saturation in consumption had certainly not been reached in all markets, if any, and that population growth, rising living standards and the recent entry of new buyers such as Eastern Europe in the market, would all militate towards continuous upward trends in consumption. Moreover, since the war the extreme sensitivity and speculative character evidenced on the world cocoa market has had far greater limiting effects on the expansion of world consumption than any repercussions that could occur from a tariff incidence of 9 per cent.
(iii) Cocoa Butter, Cocoa Paste, etc.

55. Representatives of producing countries other than the Six drew attention to the fact that the duty on cocoa paste, cocoa butter, chocolate liqueur and other cocoa products (BNs 18.03, 04, 05 and 06) remained to be fixed under the Treaty of Rome since they occurred in List G. They considered that if an appreciable high Common Market tariff were to be introduced for any of these items it would constitute a preference in them on behalf of the A.O.T's in precisely the same way as for cocoa beans. They also drew attention to the fact that, if the duty was placed at a higher level than that corresponding to the duty on cocoa beans itself, this would stimulate the manufacture of these products in the A.O.T's themselves, leading to basic structural changes in the world trade in cocoa beans and the semi-manufactured products thereof. There were no technical difficulties on climatic or other grounds to prevent such a development, and indeed it had already started in the A.O.T's and other tropical countries. This could have an even more serious effect on the sales of cocoa and cocoa products to the Six than the 9 per cent preference on cocoa beans itself. Although the present production of cocoa butter and other products within the A.O.T's was small, it was growing and there was no reason why, under a substantial preference, it could not grow very rapidly. A high duty on cocoa butter might also encourage the development of substitutes in the Community, to the detriment of all cocoa producers.

56. The representatives of the Six considered that the apprehensions expressed concerning trade in cocoa butter appeared to be out of proportion to its relative unimportance in world cocoa trade. In 1956 world imports of cocoa butter stood at 45,000 tons as compared with 750,000 tons of cocoa beans. It was pointed out that compared with world production, African countries produced 50 per cent of cocoa beans and 11 per cent of cocoa butter. On the other hand, technical and economic conditions do not warrant a substantial increase in the production of cocoa products in Africa. Moreover, the Six were net exporters of this product.
II. Non-Tariff Questions

(i) Quantitative Restrictions

57. The representatives of producing countries other than the Six, considered in accordance with the arguments set forth in the main Report that if the Six exercised the rights they had claimed in the discussions on quantitative restrictions in Sub-Group B at the Twelfth Session they could substantially increase the margin of preference over and above the 9 per cent tariff on cocoa in the following ways:

(a) Benelux, Germany and Italy could apply substantially the same quotas that France was applying; and,

(b) France would remove its quotas from cocoa beans produced in the overseas territories of other members of the Six while continuing to apply them to imports from third countries.

If the Six took such action it would constitute a formidable additional preference over and above the common tariff and indeed could become an absolute bar to the cocoa of outside producers.

58. The representatives of the Six pointed out that France had only recently placed cocoa under quota, and that action had only been taken as part of a general withdrawal of trade liberalization measures which had been caused by the special situation of France's external trade balance; prior to that action, imports of cocoa had been unrestricted, although import licences were required, and traditionally there were no quantitative import restrictions on that product in the franc area. A situation as outlined in paragraph 56 above by representatives of producing countries other than the Six was a hypothetical one. It would be for the Institutions of the Community to determine and carry out its economic policy. They referred to their argumentation as set forth in the main Report and stressed the fact that under the stipulations of Article 234 it followed that the Institutions would be obliged to respect international obligations undertaken by Member States, which clearly included those resulting from their adherence to the General Agreement.

(ii) Agricultural Provisions

59. For the reasons set out in the main Report the representatives of producing countries other than the Six also argued that the application of the agricultural provisions of the Treaty to cocoa production in the overseas territories could be used to give a non-tariff preference to the production of the A.O.T's, for example, by long-term contracts at attractive prices. This would then lead to a marked increase in the effective preference given to the A.O.T's over and above that provided by the tariff.
These members considered that, unless the Six assured the Working Party that the agricultural provisions would not be applied to cocoa, the only realistic course was to examine their probable effects on the trade interests of third countries.

60. They argued furthermore that any serious fall in world cocoa prices, whether arising from this or other causes, would lead to strong pressure on the Institutions of the Community to make use of the powers given them by the Treaty to institute quantitative restrictions or "managed market" provisions to protect the returns received by cocoa producers within the A.O.T's. This would mean that production would be kept up in the A.O.T's and the full brunt of the recession and any cutting back of production would fall wholly on cocoa producers of third countries.

61. The representatives of the Six stated that in accordance with their argumentation in the main Report they considered that this viewpoint was a pessimistic and purely hypothetical one and again drew attention to the provisions of the Treaty that the Community, in shaping its commercial policy, was bound to take into account the international commitments of the Member States. They added that it was not at present possible to prejudge the decisions which would be taken in this regard by the European Institutions.
III. Summary of Views

A. Views of Representatives of Producing Countries other than the Six

62. Representatives of producing countries other than the Six, having examined the arguments of the Six, held to their view that the creation of a new preferential system at a tariff margin of 9 per cent on behalf of the total cocoa production of the A.O.T's throughout the large cocoa market of the Six must have very serious consequences for the trade of other cocoa producers. The new system constituted a substantial extension of the existing French and Belgian preferential system under which in any case preferential tariffs for cocoa had not been applied for a number of years. Third countries would therefore cease to have access on equal terms to the whole of the Community's market. For the reasons already stated, they considered that such a tariff margin must cause substantial diversions of trade in the markets of the Six.

63. Moreover, the assurance of preferential treatment in the whole market of the Six (which is 100,000 tons larger than the present exports of the A.O.T's) must tend to stimulate production of cocoa within the A.O.T's to a very substantial degree. For the reasons given in paragraphs 35 to 38 above, they considered that representatives of the Six were seriously underestimating the effects of this stimulus, which they believed would cause a steady growth in cocoa production in the A.O.T's, leading to an extra 50,000 tons a year being available in some fifteen years, above what would otherwise have come forward.

64. In the short term (up to five years) they concluded that even an applied preferential margin of 1.5 - 2.7 per cent (see paragraph 6 above) would have an appreciable effect in dislocating existing patterns of trade with the Six, since not only would the present cocoa sales of the A.O.T's to third countries (some 35,000 tons) be quickly diverted into the markets of the Community but also the steadily growing production of the A.O.T's would also find a sheltered market there steadily forcing out the products of third countries. Moreover, with the prospect of the full 9 per cent preference before them, producers in the A.O.T's would have already begun to take steps to increase their production. The pattern for further dislocations of trade in the future would, therefore, have been set. Producers in Latin America and Asia not enjoying any preferential market would especially suffer from trade dislocations since their export economies depend to a considerable extent on the production of cocoa for the world market. Such producers, therefore, needed an unhampered access to the outlets for this commodity on world markets. The damage caused to the trade of third countries would be greatly accentuated in the short term if the Institutions of the Community were to make use of the powers given them under the Treaty of Rome permitting the immediate or accelerated introduction of tariff or non-tariff preferences for the products of the A.O.T's.
65. In the longer term (about fifteen years), they considered that, owing to the steadily increasing production in the A.O.T's stimulated by their access to the whole market of the Six on preferential terms (paragraph 63 above), third country suppliers (who belong to the category of underdeveloped countries) would be progressively excluded from the markets of the Six and thus reduced to the role of residual suppliers. There would, therefore, be very serious damage to the cocoa trade of these third country suppliers by dislocating traditional trade patterns and reducing and possibly eliminating altogether their access to the markets of the Six. The value of existing exports to the Six by third country producers which were thus placed in jeopardy was of the order of $150 million at 1956 prices.

66. Moreover, the artificially stimulated production of the A.O.T's and the adverse effects on demand in the Six of the higher duties (see paragraphs 43-46 above) must tend to depress world prices, thus having a very serious adverse effect on all cocoa producers whether or not they sold to the Six. In terms of 1956 price levels and other factors remaining constant, the potential loss to all third country producers in fifteen years' time would be of the order of $150 to $200 million per annum. This loss would be increased if special measures were undertaken to encourage the sales of cocoa by the A.O.T's in other markets, such as the dollar market.

67. They did not consider that cocoa consumption within the Six would increase very substantially (paragraphs 29-31 above) and certainly not sufficiently to counterbalance the diversions of trade arising from increased production in the A.O.T's. Third countries would thus not share in any growth of the market of the Six and indeed would have access to only a declining share of the market. Furthermore, there was no evidence that consumption in the world as a whole would increase at such a rate as to absorb, not only increases in production which would arise in any case in other parts of the world (due to the pressing need of other countries to expand their exports) but also the artificial increase in A.O.T's production stimulated by their privileged position in the markets of the Six. They did in any case accept the arguments of the Six that increases in consumption, either in the Community or in the world as a whole, could be regarded as in any way helping to solve the problems created for the cocoa trade of third countries by the association of overseas territories with the Community.

68. The adverse effects on the trade of third underdeveloped countries would be aggravated if substantial duties were introduced under List G for cocoa butter and other cocoa products.

69. Annex II implied that the agricultural provisions of the Treaty might well be used to give non-tariff preferences to A.O.T. cocoa producers. If these provisions or those relating to quantity restrictions were so used, they would intensify the adverse effects on the trade of third countries and on the world cocoa market as a whole. The preferences were most likely
to be introduced and would be most damaging in their effects when introduced, at a time of general recession in cocoa prices—a recession which the Treaty itself might bring about.

70. The contracting parties whose trade would be particularly affected by these adverse factors (in that cocoa was of crucial importance to their export economies) included Ghana, Brazil, the Dominican Republic, the United Kingdom Dependencies of Grenada, Federation of Nigeria (especially the Western Region) and the New Zealand Dependency of Western Samoa. Considerable damage would also be caused to the cocoa trade of Indonesia, Cuba, Haiti, Peru, Ceylon, Trinidad. Other countries not contracting parties to the General Agreement seriously affected would include Costa Rica, Mexico, Colombia, Venezuela, Portuguese Dependency of Sao Tome and Principe, Spanish Guinea and Ecuador. In particular, those GATT Member countries in Latin America and Asia not enjoying access to any existing preferential market would now suffer additionally in that their access to world outlets would be further restricted by the creation of this new large preferential area.

71. All the above cocoa producing countries were dependent for their economic well-being on export of cocoa and other primary products to world markets. The production plans of these countries had naturally been drawn up on the assumption that they would continue to have unhampered access to the markets of the Six which constituted a most important sector of the world's cocoa market. They would now be forced to reappraise their plans in the light of the new situation. The whole economic fabric of these countries would be affected so that, apart from damage to their cocoa farmers, their whole future economic development would be endangered, with far-reaching social and political consequences.
B. Views of the representatives of the Six

72. The 9 per cent duty did not represent an increased tariff incidence when compared with the average level of the legal tariffs which could in fact be made effective at any time by the countries concerned. Furthermore, wherever the level of protection was higher than the present tariffs it would be introduced by stages, and experience has shown that protection of this kind was never fully reflected in prices.

73. The protection would only have a relatively small effect at the consumption stage of the finished product, on the one hand due to the fact that the cost of the beans represented only one-third or one-half of the value of the finished product, and on the other hand because production in the A.O.T's would fall far short of the total requirements of the Six. On the contrary, it could reasonably be expected that consumption would increase, especially as a result of the rise in standards of living and the reduction of the import duty in the Federal Republic of Germany where it could not be stated in advance that fiscal duties would be levied to compensate for the reduction in the import duty. In Italy the expansion in the use of chocolate substitutes clearly indicated that there was room for a considerable increase in chocolate consumption. Moreover, independent experts were of the opinion that world consumption would increase at the rate of 2 per cent annually, and the representatives of the Six considered this to be a conservative estimate.

74. Apart from the fact that additional production resulting from plantings made before the Treaty was drawn up could not be considered as being in response to the provisions of the Treaty itself, production in the A.O.T's in the foreseeable future could not meet and would in fact fall far short of the requirements of the Six. Present efforts to renew old plantations and to increase yield would show results only very slowly. The rise in production in recent years could not continue at the same rate, if only because of the poor yield from marginal land which would have to be brought into cultivation. Production in Ghana was able to increase from 6,000 to 135,000 tons between 1905 and 1920 because the rate of increase in production must of course be high when it began with negligible quantities. The A.O.T's, however, have been producers of cocoa for a long time. Furthermore, cocoa growing in Africa was a notion that was quite alien to the European concept of investment. Moreover, it was as yet too early to say how capital available from the Investment Fund would be allotted, but it would probably be devoted to the diversification of economies which at present were far too dependent on a limited number of crops.

75. Because of very unfavourable weather conditions, production in the A.O.T's would amount to only 120,000 tons for the 1957/58 season, but normally production would be in the neighbourhood of 135,000 tons. The most optimistic forecasts allowed for an increase of 23,000 tons in five years' time and a further increase of 12,000 tons in ten years' time.
76. Considering that the Treaty of Rome would favour producers only in exceptional circumstances, their main concern was to see some degree of stability in world prices, which sometimes were doubled or halved over a period of a few months.

77. As had already been indicated, the increase in production in the A.O.T's would fall far short of the requirements of the Six. This was true in respect of both quality and quantity. Considering also that protection would be introduced only gradually and that in any case the dollar market would still offer greater advantages, the provisions of the Treaty would not cause any dislocation of present trade patterns. A slight shift in exports from the A.O.T's away from certain markets would in any case create additional outlets for supplies from other countries.

78. Since the provisions of the Treaty would be implemented very gradually, the short-term effects of the Treaty would be non-existent or insignificant. In the long-run the expansion of production in the A.O.T's would represent not more than a small (if any) proportion of the rise in consumption by the Six. This rise in consumption by the Six would be a consequence of the implementation of the Treaty, and world consumption, according to FAO forecasts, would increase at a rate not less than 2 per cent per annum.

79. It was obvious that any slump in prices would have repercussions on all producing countries, and that it was in the interests of the A.O.T's that this should be avoided. Such a slump would not be a consequence of the protection afforded by the Treaty, but rather of undue fluctuations in world prices which were completely unrelated to the preference.

80. Semi-manufactured cocoa products were at present exported only in relatively small quantities, deliveries from tropical Africa being limited mainly on account of technical difficulties, and it would be premature at this stage to prejudge the level at which the duties would be fixed.

81. The fact that France had recently imposed quantitative import restrictions, for general reasons and for a limited period, was no indication of the future policy of the Six regarding quantitative restrictions, and the Six reaffirmed their intention to respect GATT rules.

82. While it was still too early to say what provisions would be applied to cocoa under the Treaty, the least that could be said was that the Six did not at present intend to institute a "managed market" for this commodity.
### TABLE A
**Cocoa Beans, Not Roasted** *(Brussels Nomenclature Heading Number: ex 18.01)*

<table>
<thead>
<tr>
<th>Country</th>
<th>Legal Tariff</th>
<th>Tariff effectively applied</th>
<th>Alignment with the common external tariff</th>
<th>Elimination of Duties</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>by metrop.- pol. coun-tries to</td>
<td>at the end of the 4th year</td>
<td>at the end of the 2nd stage</td>
</tr>
<tr>
<td></td>
<td></td>
<td>D.O.T. from other countries or territories as of 1 January 1958</td>
<td>at the end of the transition period</td>
<td></td>
</tr>
<tr>
<td>Benelux</td>
<td>10$%(3)$</td>
<td>Free</td>
<td>9%</td>
<td>2.7%</td>
</tr>
<tr>
<td>France</td>
<td>25$%(3)$</td>
<td>Free</td>
<td>9%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Germany</td>
<td>10$%(3)$</td>
<td>L</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Italy</td>
<td>50$%(3)$</td>
<td>Proc</td>
<td>9%</td>
<td>2.7%</td>
</tr>
</tbody>
</table>

(1) The common external tariff duty rate for this item appears in List F.
(2) This item is included in Annex II to the Treaty (agricultural products).
(3) Subject to the indications given in introductory Note No. 2.
### Table 8

**Exports of Cocoa Beans in 1956**

**(metric tons and per cent of total exports)**

<table>
<thead>
<tr>
<th>Exports from Provenance</th>
<th>Exports to Destination</th>
<th>Belgium-Luxemburg Union Econ.</th>
<th>France</th>
<th>Germany</th>
<th>Italy</th>
<th>Netherlands Pays-Bas</th>
<th>Total</th>
<th>United Kingdom Royaume-Uni</th>
<th>Other OEEC Countries</th>
<th>Rest of the World</th>
<th>Total Exports Export. totales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Associated Territories</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Brazil - Brésil</td>
<td></td>
<td>425</td>
<td>694</td>
<td>12,403</td>
<td>3,164</td>
<td>16,700</td>
<td>33,386</td>
<td>1,793</td>
<td>1,386</td>
<td>69,278</td>
<td>125,845</td>
</tr>
<tr>
<td>Venezuela</td>
<td></td>
<td>1,212</td>
<td>205</td>
<td>1,774</td>
<td>539</td>
<td>563</td>
<td>4,293</td>
<td>102</td>
<td>13,489</td>
<td>17,884</td>
<td></td>
</tr>
<tr>
<td>Dominican Republic (1955)</td>
<td></td>
<td>6.8</td>
<td>1.1</td>
<td>9.9</td>
<td>3.0</td>
<td>3.1</td>
<td>24.0</td>
<td>0.5</td>
<td>75.4</td>
<td>100.0</td>
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<tr>
<td>République Dominicaine</td>
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<td>Ceylon - Ceylan</td>
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<td>Indonesia - Indonésie</td>
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<tr>
<td>Ghana</td>
<td></td>
<td>1,549</td>
<td>5,714</td>
<td>60,732</td>
<td>5,450</td>
<td>37,747</td>
<td>111,192</td>
<td>36,201</td>
<td>13,310</td>
<td>77,464</td>
<td>236,167</td>
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<tr>
<td>Nigeria</td>
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<tr>
<td>Sierra Leone (1955)</td>
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<tr>
<td>Trinidad &amp; Tobago (1955)</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Total United Kingdom Dependenciea</td>
<td></td>
<td>(32,843)</td>
<td>(43,209)</td>
<td>(56,017)</td>
<td>(132,069)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Including territories in addition to those shown - Comprendant également des territoires non indiqués.

**Sources**: The data have been specially communicated by the FAO Commodities Branch. Total exports from United Kingdom Dependencies are those shown in the OEEC publication *Statistics of Exports from the Overseas Territories of the OEEC Countries*, December 1957. Ces chiffres ont été communiqués spécialement par la sous-division des produits de la FAO. Les exportations totales des territoires dépendant du Royaume-Uni sont celles indiquées dans la publication de l'OEEC *Statistiques des Produits Exportés par les Territoires d'Outre-Mer des Pays de l'OEEC*, décembre 1957.
### Table C
Imports of Cocoa Beans, Cocoa Powder, Cocoa Butter and Paste in 1956
(SITC 072)

<table>
<thead>
<tr>
<th>Imports from</th>
<th>Imports into</th>
<th>Belgium-Luxemb.</th>
<th>France</th>
<th>Germany</th>
<th>Italy</th>
<th>Netherlands</th>
<th>Total</th>
<th>United Kingdom</th>
<th>United States</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provenance</td>
<td>Union Econ.</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>16,620</td>
<td>54,618</td>
<td>104,376</td>
<td>22,853</td>
<td>73,425</td>
<td>97,594</td>
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<td>200.0</td>
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<td>2,642</td>
<td>45,600</td>
<td>14,855</td>
<td>7,346</td>
<td>25,780</td>
<td>97,220</td>
<td>1.2</td>
<td>26,519</td>
<td>100.0</td>
</tr>
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<td>Territories</td>
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<td>15.9</td>
<td>83.5</td>
<td>15.2</td>
<td>32.1</td>
<td>35.1</td>
<td>35.8</td>
<td>1.3</td>
<td>9.2</td>
<td>0.9</td>
</tr>
<tr>
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<td>1,037</td>
<td>45,500</td>
<td>14,855</td>
<td>7,346</td>
<td>25,166</td>
<td>94,000</td>
<td>1.3</td>
<td>26,519</td>
<td>1.3</td>
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<td>1,000</td>
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<td>0.8</td>
<td>3,219</td>
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<tr>
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<td>665</td>
<td>21,246</td>
<td>3,851</td>
<td>8,064</td>
<td>34,795</td>
<td>12.8</td>
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<td>3,375</td>
<td>48,864</td>
<td>-</td>
<td>18,443</td>
<td>(70,602)</td>
<td>33,516</td>
<td>6.1</td>
<td>6,1</td>
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<tr>
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<td>-</td>
<td>48.8</td>
<td>-</td>
<td>25.1</td>
<td>(26.0)</td>
<td>34.3</td>
<td>17.2</td>
<td>-</td>
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<tr>
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<td>-</td>
<td>49</td>
<td>307</td>
<td>225</td>
<td>581</td>
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<td>581</td>
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<td>307</td>
<td>225</td>
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<td>581</td>
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</tr>
<tr>
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<td>307</td>
<td>225</td>
<td>581</td>
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<td>10,499</td>
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<td>39,012</td>
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<td>11.5</td>
<td>5.2</td>
<td>37.5</td>
<td>14.3</td>
<td>11.3</td>
<td>16.1</td>
<td>8.0</td>
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</tr>
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<td>560</td>
<td>723</td>
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<td>321</td>
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<td>83</td>
<td>3,478</td>
<td>5,077</td>
<td>-</td>
<td>50</td>
<td>-</td>
</tr>
</tbody>
</table>

<sup>a</sup> Including other United Kingdom Dependencies in West Africa and Ghana.

Y compris les autres territoires dépendant du Royaume-Uni en Afrique occidentale et Ghana.

**Sources:** OEEC, *Foreign Trade Statistical Bulletins*, Series IV

*Bulletin Statistiques de l'OEEC*, Commerce Extérieur, Série IV.