1. The Special Group on Trade in Tropical Products met from 18 to February 1964 in pursuance of a recommendation by Committee III at its meeting of 21-31 October 1963:

"... that the Special Group on Trade in Tropical Products should be reconvened at an early date to re-examine the problems facing the cocoa industry, following the failure of the United Nations Cocoa Conference to reach an agreement during the recent negotiations, and to seek solutions to these problems in so far as they come within the purview of the GATT."

2. It was recalled that the Special Group's terms of reference were:

"Taking into account all factors bearing on present and future problems in international trade in tropical products (cocoa, coffee, tea, vegetable oilseeds and oils and tropical timber), to consider ways of overcoming difficulties confronting less-developed countries exporting these products and to make appropriate proposals bearing in mind, among other things, the Conclusions of the ministerial meeting and the Decision of 7 December 1961."

3. The Group expressed its disappointment regarding the failure of the United Nations Cocoa Conference 1963 to conclude an agreement, in particular in view of the high hopes previously placed in it.

4. The representative of Nigeria supported by the representatives of Brazil and Ghana, suggested that the Group might establish a programme for the elimination of the barriers affecting trade in cocoa as well as other tropical products.
5. The United States representative recommended that, with regard to cocoa, the Group support duty-free access and the elimination of fiscal charges, and that, with regard to cocoa and other tropical products (not necessarily limited to the six tropical products within the Group's present consideration) the forthcoming GATT Trade Negotiations provide the most promising context for carrying forward the liberalization sought by Nigeria, Brazil and Ghana. He suggested that contracting parties give active consideration now to the role of tropical products in these negotiations.

6. In supporting this proposal the United Kingdom delegation suggested that the Group might draw the attention of the Trade Negotiations Committee to the desirability of providing a suitable framework for joint consideration of how this might best be done. It would be useful to bear in mind that Ministers had already agreed that the developed countries would not look for reciprocity from the less-developed countries in the forthcoming Trade Negotiations, and that it was hoped that the deepest possible cuts would be made in the field of tropical products.

7. The representatives of the European Economic Community and of the associated States participating in the work of this session were not able to support the proposal made by the United States delegation.

They stated that the essential problem of tropical products in general, and of cocoa in particular, was still one of price. They felt that the removal of trade barriers did not appear capable of improving the situation of countries exporting tropical products, and therefore did not afford a positive solution to this problem.

They stressed once again that the general and paramount objective was the organization of markets for these products which would ensure the producing countries of rising exports at remunerative, equitable and stable prices.
8. The Group noted a statement by the representative of Ceylon supported by the representative of Indonesia who drew attention to the still extant problems facing trade in tea. While duties on tea had been largely removed, internal taxes still hampered consumption in a number of countries, thus frustrating the efforts made in the field of duties. Moreover, instant tea, production of which had been started particularly with a view to finding a market in the countries of the Community, was faced by a 20 per cent duty there. It was, therefore, desirable that this problem be given careful consideration by the Trade Negotiations Committee.

9. The Group took note of the statement by the Chairman that the study on bananas was proceeding according to expectations. For the purpose of the study, the GATT was in close collaboration with FAO and also maintained very close contact with the Organization of American States.

10. As regards problems affecting trade in vegetable oilseeds, which were still on the agenda of the Group, but which would no doubt have to be dealt with in the framework of the trade negotiations, the Group recommended that the Trade Negotiations Committee give consideration to the manner in which this problem should be dealt with in the trade negotiations.