Special Group on Trade
in Tropical Products

RECENT ACTIVITIES IN OTHER ORGANIZATIONS RELATING
to TROPICAL PRODUCTS

1. In the secretariat note on past activities in GATT relating to tropical products (W(68)1) it was indicated that a separate note would be circulated to describe the work done in this field in other organizations. A certain amount of information of this kind has, however, already been included in the commodity notes prepared for inclusion in the revised study on tropical products (see Spec(68)2). The following paragraphs will, therefore, only briefly mention discussions relating to certain specific products. In particular no attempt has been made to summarize discussions of a more general character relating to primary commodity problems. For more general information see, inter alia, UNCTAD papers TD/B/157 and TD/36.

Tea

2. The Second Ad Hoc Consultation on Tea of the Food and Agriculture Organization took place in London in February 1967 to consider the world tea supply and demand situation. The meeting asked FAO, in addition to its study of the current situation and long-term outlook, also to examine the effects on consumption of price and income changes, to keep under review the developments in the tea economies of the centrally-planned countries, and to complete the study on the primary marketing of tea.

Coffee

3. The International Coffee Agreement, concluded in 1962, expires on 30 September 1968 and discussions have taken place in the Coffee Council regarding the renewal of this Agreement. At the time of this writing meetings are being held in London and it is reported that agreement has been reached on a number of outstanding issues.

Cocoa

4. A United Nations Cocoa Conference was held from 23 May to 23 June 1966 in New York, following arrangements made in the previous year on the initiative of the United Nations Trade and Development Board and on the basis of progress made in the Working Party on Prices and Quotas of the 1963 Cocoa Conference which had been meeting at the request of the Board in 1965-1966.
5. Although the 1966 Conference achieved a certain degree of progress it was unable to resolve a number of important problems. In its resolution on adjournment the Conference, inter alia, agreed that a suitable international agreement on cocoa should contain provisions relating to quotas, buffer-stock mechanism, price range, regular income for the buffer stock and diversion of structural surpluses to non-conventional uses. In accordance with the provisions of the resolution the Secretary-General of UNCTAD held a number of consultations with principal cocoa importing and exporting countries. The first session of a Technical Working Group was convened in September 1966 to discuss problems relating to quotas and terminal markets, and in February 1967 a Working Party was convened to discuss barriers to trade in cocoa. At the resumed Cocoa Consultations in August 1967 agreement was reached on some important elements of the draft agreement on cocoa and at further consultations held in September-October 1967 agreement was reached on the difficult question of prices. A Memorandum of Agreement was adopted. The United Nations Cocoa Conference was convened in November-December 1967 in Geneva.

6. At the Conference further progress was made on a number of questions but agreement was not reached on certain issues. The administrative articles of the draft agreement were mostly approved and agreement was reached on such problems as conversion factors and the definition of the quota year. Substantial progress was also made on questions relating to fine and flavour cocoa. The Secretary-General of UNCTAD has been requested to decide on a suitable date for the resumption of the meetings and to arrange for such preliminary consultations and discussions as he considers necessary for such resumption.

Oilseeds and vegetable oils

7. The first session of the Study Group on Oilseeds, Oils and Fats (the former Study Group on Coconut and Coconut Products, with the terms of reference extended to cover other oilseeds, oils and fats) was held in Rome in September 1966. The Group examined a case study by the FAO Secretariat on the possible international organization of trade in fats and oils with the aim of ensuring remunerative prices to developing exporters, and considered various questions such as the economic aspects of the location of oilseed-crushing industries, non-food uses of coconut oil in North America and the short-term and long-range outlook for oilseeds, oils and fats. There was also an exchange of views on the new European Economic Community regulations on fats and oils.

8. At its second session held in September 1967, the Group referred to the post-War features of concern for developing countries such as the relatively slow increase in the production of fats and oils, the low level of consumption, fluctuations in world prices, and the decline in the share of these products in world trade, etc. The Group considered that there appeared to be no grounds for expecting any marked improvement in regard to long-term prospects - production
was expected to continue to increase in the high-income countries; the increase in import demand in Western Europe was expected to slow down; Japan's expanding demand for oils and fats would mainly be met by imports of temperate zone products; export outlets in centrally-planned countries were uncertain; most developing importing countries were likely to remain short of foreign exchange so that the shortage of fats and oils in most of these countries was unlikely, in the absence of special arrangements, to result in substantial increase in effective demand. The objectives identified for action were: the maintenance of stable, equitable and remunerative prices; expansion of export outlets; the raising of the level of consumption in developing countries and the levels of productivity in these countries.

9. The Group recommended the setting up of a technical working party to evaluate the various possible approaches to international action. It also requested the FAO Secretariat to prepare a paper on the technical and economic aspects of various solutions to the problems of oilseeds, oils and fats. Finally, the Group recommended the convening of a session of the technical working party and also of the Study Group if possible early in 1968 so that its report could be considered at the second UNCTAD. These have been convened for 5-10 February and 12-13 February respectively.

**Bananas**

10. The first session of the Study Group on Bananas was held in Rome in March-April 1966. Among principal issues discussed were the outlook for production and consumption in the medium to longer term and the problems relating to access to markets and the barriers to imports imposed by some importing countries. The second session of the Study Group was held on 9-17 October 1967 at Las Palmas in the Canary Islands. Matters discussed included the current banana situation and outlook; longer-term prospects for production and trade; access to markets and developments in import policies; statistical problems and problems of international quality standards.

11. With regard to market developments the Group noted with satisfaction the increase of 10 per cent in world imports in 1966 as compared with 1965 but that this increase had been obtained at generally lower prices. The Group pointed out the need for further studies of the outlook for production and demand, taking into account the possibilities for expansion of intra-regional trade. With regard to access to markets, the following points were agreed on:

(a) that importing countries should undertake a gradual abolition of customs duties and other restrictions affecting the banana trade including import quotas. Participating countries should pay attention to the problems of liberalization, and stabilization of the banana trade in future conferences, including those of GATT;
(b) that governments of importing countries should be requested to promote consumption, *inter alia*, by phasing out internal taxes;

(c) that the FAO Secretariat should undertake a comprehensive study on different aspects of production, including cost factors, trade and consumption of bananas and if possible new uses and markets for bananas.
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