

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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PROGRAMME OF CONSULTATIONS ON TRADE LIBERALIZATION

MANIOC AND OTHER TROPICAL ROOTS AND TUBERS AND THEIR PREPARED PRODUCTS

Informal record prepared by the secretariat

1. The consultations on manioc and other tropical roots and tubers were held on 11 March under the acting chairmanship of Mr. P. Barthel-Rosa (secretariat).

2. As a basis for the consultations, the secretariat had prepared document COM.TD/W/349 containing information on the commercial policy situation, trade flows, consumption and other factors affecting trade in manioc.

General statements on the trade and commercial policy situation

3. The representative of Thailand stressed the importance of manioc to his country, this item being a major foreign exchange earner in the face of a deteriorating balance-of-payments situation, and in terms of regional development and employment since the crop was mainly grown in the poorer North-Eastern part of his country where substitutable crops of the same significance could not be easily grown. He also emphasized the strategic importance of that region to his country. He stated that several years ago, the EEC had held negotiations with Thailand with the objective of limiting Thai exports of manioc to the EEC. For various reasons, including the fact that his country was not a GATT member, it had been stated that

the only way for his country to secure its exports to the EEC was for it to conclude an agreement. In order to accommodate the objectives of the EEC, his country had been restraining exports although it had not yet ratified the agreement. The Communities and Thailand were continuing their consultations with respect to this matter.

4. The representative of India stated that although his country was not a major exporter of manioc, this product was nevertheless of importance, since it was grown in a region whose population depended on this crop for its livelihood. The export of manioc from his country to the Communities had been declining over the years. He noted that there were pressures within the Communities from certain member countries producers of alternate feedstuffs for the limitation of imports of manioc. The primary concern of his country, at this stage, was that a situation might be arrived at where imports from developing countries might be curtailed still further and that arrangements might be made, outside the GATT system and later incorporated in it, which might adversely harm their interests. He stated that the interest of his country at the present stage was in an exposition of the viewpoint of the Communities on the issue.

II. Specific comments on trade measures and trade situation

5. The representative of India, while seeking information on the Communities' intentions with regard to the GATT tariff binding of 6 per cent on manioc, also asked for assurances that in any future negotiations relating to this matter initiated by the EEC, existing levels of imports from the various sources of supply would be maintained and that no unilateral solutions would be resorted to.

6. The representative of Thailand while expressing sympathy for the problems being faced by the Community, which had led to the consultations

with his country, also stressed the need for the problems of developing countries to be taken fully into account. The limitation on manioc exports from his country being sought by the EEC could, in his view, constitute discrimination against a country with which it had an m.f.n. trade agreement. With regard to maize gluten of which the United States was the main supplier, he stated that although this was regarded as a substitute for manioc no action had been taken against it.

7. The representative of the European Economic Community stated that the Community was the major importer of manioc, accounting for about 89 per cent of total world imports; 85 per cent of imports of this product into the Community came from Thailand, a non-contracting party to the GATT. He did not agree that Thailand was being treated differentially because she was not at present a GATT contracting party. At the time of the Kennedy Round when the variable levy on manioc was bound at a maximum of 6 per cent, imports into the Communities totalled 600,000 tons as compared with 1979 imports of 6.0 million tons and estimated imports of 6.5 million tons in 1981. He explained that those imports were in direct competition with cereals produced in the EEC and as the trend of imports was not slackening, negotiations were being undertaken with Thailand in order to find a mutually acceptable solution to the problem. The negotiations, which were not yet concluded, envisaged not just an export restraint arrangement but an overall co-operation agreement with Thailand. He stated that the bound rate of 6 per cent had been made available on a non-contractual basis to GATT non-members without asking for any reciprocity from such developing countries. The Community had informed the GATT about a year ago of its intention of undertaking negotiations with a view to the modification of the existing binding and not a withdrawal of the binding. In this respect,

he stated that negotiations had been held in the GATT framework with the main contracting party supplier and a draft agreement had been reached. In conformity with Article XXVIII of the General Agreement, appropriate compensation had been offered. Direct negotiations had also been opened with the main beneficiaries of the binding in accordance with usual practice under the General Agreement, but these had not been concluded. He said that these negotiations both with contracting parties and non-GATT members were aimed at the stabilization of imports and not at a reduction. The tenfold rise in imports within a period of ten years had become a very heavy burden to the Communities, for it meant a replacement of 6 million tons of domestic cereal production which had to be exported at heavy cost. As GATT members supplied some 500,000 tons out of the global imports by the EEC of 6 million tons of manioc, the negotiations could possibly lead to an opening up of more trade possibilities for them. In any case, minor GATT exporters would not be adversely affected by the modification. He stated, however, that the Communities recognized its responsibility towards those countries having balance-of-payments problems and would try to help within the framework of its budget.

8. With regard to competition between manioc and maize gluten, the representative of the Communities stated that maize gluten contained a considerable quantity of cellulose material and could be used as cattle feed but not for swine or poultry; in this respect it had not replaced Community cereals.

9. The representative of Thailand sought information from Japan on the reasons for the maintenance of a 15 per cent duty on manioc for non-feeding purposes and a 25 per cent duty on manioc starch and tapioca and sago. He also sought information on the allocation of the import quota on manioc

starch. In this respect, according to his understanding, 52,000 tons of the import quota which was duty-free was allocated to agricultural co-operatives, with the rest, which was dutiable, being allocated to private sector importers. In cases where the co-operatives were unable to take up all the quota allocated to them, private sector importers were not permitted higher quotas to enable the overall import quota to be filled. With regard to health and sanitary regulations, he stated his understanding that the Japanese authorities did not permit the importation of tapioca flour with a sulphur content of more than 30 units per mille and although producers in his country had striven to satisfy this requirement, there were cases where imports had been refused even after the requisite health certificate had been obtained.

10. The representative of Japan, in reply stated that trade in tapioca was one of the issues under discussion between the two countries. For example, annual consultations were held between Japan and Thailand concerning their trade relations during which issues relating to manioc were thoroughly explored. Without wishing to go into detail, he stated that one of the reasons for maintaining the duty on manioc not for use as animal feed was that the two areas in Japan where tapioca starch or the raw material for starch were produced were relatively poor and barren areas, the production of the crops in question playing a major role with respect to the maintenance of the living standards of the population. He stated further that imports of tapioca for use as animal feed were duty-free and that in view of the attention being given to the development of the dairy industry in Japan there were prospects for increased imports. With regard to the allocation of the import quota on tapioca starch, he was not aware of any such domestic sharing of the quota between co-operatives and private sector

importers; import quotas were applied on a global basis without internal allocation. On the health and sanitary regulations being applied in Japan, he said that if these were observed there was no reason why imports should not be permitted.

III. Suggestions for further progress in trade liberalization

11. The following specific requests were addressed to Japan:

- 07.06 manioc for purposes other than feedstuff - reduction of m.f.n. duty from 15 per cent to 6 per cent.
- 11.08 manioc starch - reduction of m.f.n. duty from 25 per cent to 6 per cent and the improved allocation of quotas for duty exemption.