

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## PROGRAMME OF CONSULTATIONS ON TRADE LIBERALIZATION

### TROPICAL FRUITS AND NUTS AND PRODUCTS THEREOF

#### Informal record prepared by the secretariat

1. In the context of the Programme of Consultations on Trade Liberalization, the consultation on tropical fruits and nuts and products thereof was held on 15 and 16 March 1982, under the acting Chairmanship of Mr. P. Barthel-Rosa (secretariat).

2. As background for the consultation, the secretariat had prepared document COM.TD/W/352 and Addenda which provided information on the commercial policy situation, trade flows and other relevant factors affecting trade in tropical fruits and nuts and products thereof.

#### A. TRADE IN TROPICAL FRUITS

##### General statements

3. Representatives of a number of developing countries said that exports of tropical fruits and nuts and products thereof were of major importance to their countries not only as a source of foreign exchange earnings but also in terms of their rural and regional development and as a means of providing income and employment to their peoples, particularly in less developed areas. These representatives pointed to the efforts being made by their governments to expand production, increase productivity, encourage the establishment of fruit processing industries and promote exports. They stated that the existence of high tariffs and non-tariff measures in a number of importing countries was an impediment to the development efforts of developing countries. They stressed the need for further liberalization of imports of these products in raw, semi-processed and processed forms on the part of such countries.

Identification of measures affecting trade

4. Representatives of some developing countries referred to the existence in certain importing countries of what they considered to be high tariffs, tariff escalation according to the level of processing, and **certain non-tariff measures** such as global quotas, other quantitative restrictions and health and sanitary regulations.

Tariffs

5. Some representatives of developing countries referred to the high customs duties in a number of importing countries on certain tropical fruits and products thereof. Instances were cited of avocados in the United States (61.8 per cent); fruit purée and fruit paste in Japan (40 per cent); jams, jellies and marmalade in Finland (45 per cent); and jams, fruit jellies etc. in the European Economic Community (GSP rate of 11 per cent plus sugar duty). Reference was also made to tariff treatment in developed countries of processed pineapples and fruit juices. These representatives expressed the view that a reduction in tariffs including tariff escalation would facilitate the development of exports of tropical fruits and products thereof. Some of these representatives requested the inclusion of avocados and pineapples in the GSP scheme of the United States, products of certain tropical fruits in the Japanese GSP scheme and pineapples in the GSP scheme of the EEC. One of these representatives stressed the importance of preferential treatment which the ACP countries received in the markets of the Community to the trade and production of tropical fruits in those developing countries, while underlining the benefits which other developing countries might expect to receive through further liberalization of trade in the Community's markets.

6. Responding to a number of points raised, the representative of the Community said that processed fruits with added sugar, when imported into the Community, were subject to a levy, depending on the sugar content. For historical reasons, imports from the ACP countries were granted preferential treatment in the Community. The ACP countries normally supplied 90 per cent of the Community imports of fresh pineapples. The Community was also a producer of preserved pineapples; the share of the ACP countries in imports of processed pineapples amounted to 42 per cent. He added that certain fruits such as avocados, which were classified as tropical, were also Mediterranean or temperate zone products. It was, therefore, important for the Community to also take into account the interests of Mediterranean countries in this regard.

7. The representative of Japan, in outlining the evolution of domestic consumption of pineapples, said that it amounted to 2.98 million cases in 1978; 2.8 million cases in 1979; 2.54 million cases in 1980; and approximately 2.55 million cases in 1981. These figures showed that consumption had started declining after the results of the Tokyo Round had been implemented and, as such, the trend could not be attributed to relatively high tariffs applied to these products in Japan; it was due to a shift in demand. The representative of Japan also said that the customs duty on fresh pineapples was 20 per cent. Imports of pineapples were not subject to any quantitative restrictions or specific health and sanitary regulations. The total production of pineapples in Okinawa amounted to 56,200 tonnes in 1980. Pineapples were produced in an extremely backward region in Japan and the population depended almost entirely on the pineapple crop for its livelihood. As a result of the MTN's, Japan was implementing a tariff of 30 per cent for canned pineapples. Despite the very difficult domestic situation faced by

pineapples and mandarins, for which the cultivated area had been reduced by 20 per cent, the Government of Japan had recently decided to advance by two years the implementation of the MTN tariff concessions relating to these items.

8. As for certain other tropical fruits, this representative stated that Japan had provided GSP treatment to avocados, mangoes and mangosteens, fresh, at 4 per cent. GSP duty rates had been reduced from 20 per cent to 15 per cent in the case of avocados, mangoes, guavas, mangosteens with added sugar; from 12.5 per cent to 10 per cent for mango pickles; and from 10 per cent to 7.5 per cent for other products without added sugar. In addition, the recent trade liberalization measures taken by his Government consisted of tariff reductions on: dried pineapples from 20 per cent to 12 per cent (bound); fresh avocados, mangoes and mangosteens, from 10 per cent to 6 per cent; fresh papayas, and kiwi from 20 per cent to 4 per cent (bound) and 8 per cent (bound) respectively; frozen tropical fruits from 20 per cent to 12 per cent (bound).

9. The representative of the United States said that many of the products under discussion were also produced in the United States, which faced stiff competition from imports. Customs duties on some of these items were relatively low and a number of them were included in the GSP scheme of his country. Domestic pineapples, for example, were facing intense competition from imports

of certain varieties of pineapples whose customs duties were relatively low. He added that the principal legislative authority to negotiate trade concessions had expired on 3 January 1980 and the residual negotiating authority under Section 124 of the Trade Act of 1974 on 3 January 1982. Under the circumstances the United States was not in a position to negotiate tariff concessions at the present time. However, if any delegation wished to enter into bilateral consultations, his delegation was ready to co-operate. He assured the delegations of developing countries that the points and comments made by them would be reported to the competent authorities for consideration.

10. In reply to a question, the representative of Finland referred to footnote 5 on page 22 of COM.TD/W/352, which contained a listing of 'tropical fruits'. He said that all these tropical products, either fresh or processed, were benefiting from duty-free treatment in his country. Products considered as Mediterranean or temperate zone products were subject to customs duties and a licensing system.

11. The representative of Norway, in responding to a question, said that imports of processed pineapples entered Norway on a duty-free basis and without any quantitative restrictions. The entries on pages 25 and 27 of document COM.TD/W/352 relating to 'QRs' with respect to her country needed correction. She also said that pineapples, otherwise prepared or preserved (ex20.06) entered free of duty under the Norwegian GSP scheme from all beneficiary countries without any quota restrictions. The post-MTN rates for other types of pineapples were: pineapples with added spirit NKr 1.60 per kg.; pineapples without added spirit, unsweetened, in containers over 3 kgs., free; and pineapples, others, NKr 0.22 per kg. There were no quantitative restrictions for these products.

12. In reply to a request for a further reduction in the duty rate applying to pineapples, otherwise prepared or preserved, the representative of Switzerland recalled that at the request of a number of exporters of this product, his country had lowered the preferential tariff by Sw F 19.00 per 100kgs. in the course of the Tokyo Round, though pineapples were highly competitive with a certain number of processed fruits produced in Switzerland. In the circumstances, it would be extremely difficult for his Government to envisage lowering further the existing tariff on pineapples.

#### Separate tariff classification

13. A number of developing countries referred to instances where processed fruits were subject to higher tariffs. They suggested that importing developed countries should provide separate tariff classification or sub-classification of processed tropical fruits for the purpose of granting more favourable tariff treatment. In this connexion, the case of mango chutney which had been separately classified in the Norwegian tariff was cited.

14. The representative of the European Community said that the Community was presently engaged in reviewing its tariff nomenclature with a view to separating as many products as possible within their groupings. This review was expected to be completed in 1985. He assured the delegations of developing countries that he would transmit their views on the subject of separate tariff classification to the authorities concerned for consideration.

#### Non-tariff measures

15. The representative of the Philippines stated that pineapples, otherwise prepared or preserved, though duty-free under the Finnish GSP scheme, were subject to quantitative restrictions (COM.TD/W/352, page 25). He invited the representative of Finland to explain the

manner in which these quantitative restrictions were applied. The representative of Finland said that he would revert to the subject bilaterally after having contacted his authorities.

16. In response to a question as to how the quantitative restrictions on pineapples were applied, the representative of Japan said that it was a global quota covering other products as well; it was not specifically for pineapples. He added that the soil in Okinawa was such that no crops other than pineapple and sugar cane could be grown. The carry over stocks of canned pineapples amounted to 680,000 cases in 1980 and approximately 430,000 cases in 1981.

#### B. TRADE IN TROPICAL NUTS

##### General observations

17. Delegations of some developing countries, while appreciative of the efforts made in the MTNs towards further liberalization of trade in tropical nuts in their unprocessed form, stressed the need for further liberalization of these products in their semi-processed and processed forms. In this connexion, they referred to certain high tariffs, tariff escalation and non-tariff measures maintained by a number of importing countries. These representatives expressed the view that a reduction in tariffs, tariff escalation according to stage of processing and the elimination of remaining non-tariff measures on tropical nuts and products thereof, would improve the export opportunities for these products from developing countries.

##### Tariffs

18. In response to a question concerning tariffs on tropical nuts and ground-nuts roasted etc., the representative of the European Economic Community said that while there was some tariff escalation, the GSP duty rate of 8 per cent on packings of 1 kg. or less did not appear to be excessive. It did not have any significant effect on imports because imports of

these products from developed countries remained subject to a duty of 16 per cent. In addition, he noted that a large number of developing countries benefited from duty-free access under the Lomé Convention.

19. The representative of a developing country stated that, in his view, tariff escalation on packed or roasted nuts had considerably reduced the scope for higher exports from developing countries. He added that in the EEC market his country would wish to benefit from duty-free treatment for these items.

20. The representative of the United States, responding to a suggestion that tariff and non-tariff concessions be made by the United States on hazel nuts, walnuts and pistachio nuts, said that his country was also a producer of these nuts; these items had been the subject of bilateral discussion in the course of the MTNs, including with regard to health and sanitary regulations.

21. In reply to a question as to why Japan maintained relatively high tariffs on roasted groundnuts, the representative of Japan explained that imports of this item competed with domestically produced groundnuts. Groundnuts were one of the cash crops which constituted a significant source of farmers income in Japan. Due to its special taste, consumers preferred domestically produced peanuts over imported groundnuts. The demand for groundnuts for extracting oil for which the GSP rate of duty was zero was much greater than peanuts for food purposes.

22. The representative of a developing country maintained that if the customs duty on roasted groundnuts was reduced to zero, a shift in consumers taste was likely to occur. He requested the Japanese delegation to transmit the observations and comments made to the appropriate authorities for consideration.

23. In reply to a question, the representative of Switzerland said that imports of coconuts, Brazil nuts and cashew nuts, fresh or dried, shelled



or not, originating in the beneficiary countries of the Swiss GSP scheme, were exempt from customs duty.

#### Non-tariff measures

24. In response to a question concerning aflatoxin and its effect on imports of groundnuts, the representative of the European Economic Community said that Community rules entailed limitations on imports of groundnuts where the aflatoxin level was over a certain threshold. The Community maintained this requirement purely for health reasons. He assured the representative of India that the Community would be prepared to continue discussing the specific aspects of this matter recognizing that India had a problem in this regard,

25. With regard to non-tariff measures set out in paragraph 35 of COM.TD/W/352, it was agreed that they would be the subject of bilateral consultations.

26. Reference was made by the representative of a developing country to the quantitative restrictions maintained by New Zealand on tropical nuts and groundnuts, roasted, or otherwise prepared or preserved (ex 2006). He expressed the hope that such restrictions could be eliminated.

#### Possibilities for further progress in trade liberalization

27. Representatives of a number of developing countries said that they would wish to see the elimination or substantial reduction of m.f.n. customs duties and GSP rates wherever they existed on tropical fruits and nuts and products thereof, the removal of tariff escalation on processed products, advance implementation of m.f.n. tariff reductions, removal or relaxation of quantitative and other non-tariff measures, elimination of discretionary licensing, and the separate tariff classification of certain tropical fruits, nuts and products thereof where relevant for the purpose

of granting more favourable m.f.n. or GSP treatment.

28. In this respect, representatives of a number of developing countries requested the importing countries concerned to study a number of specific suggestions for improved access to their markets. These included the following:

TROPICAL NUTS AND PRODUCTS

- General: reduction of tariff escalation on processed tropical nuts (ex 2006) on an m.f.n. basis or under the GSP
- New Zealand: elimination of quantitative restrictions
- EEC: examination of sanitary controls on the aflatoxin level (groundnut products).

Note: A developing country addressed requests for tariff reductions and other actions with respect to chestnuts, hazel nuts, walnuts and pistachio nuts to the following countries: Australia, Austria, Canada, Czechoslovakia, Japan, Poland, Switzerland and the United States.

OTHER TROPICAL FRUITS AND PRODUCTS

- All importing developed countries: separate tariff classification or sub-classification of processed tropical fruits for the purpose of granting more favourable tariff treatment.
- Austria: 2006B5(a) Pineapples, containing added sugar - reduction of m.f.n. duty to 5 per cent.
- EEC and member countries:
  - (a) 2006 BII: ex(a)5(aa), ex(a)5(bb), ex(b)5(bb) Pineapples in syrup not containing added spirit
    - to increase tariff quota on sliced pineapples and lower its GSP rate (12 per cent) equal to pineapples other than sliced.
  - (b) ex 2007 BII(a)4(bb) and ex 2007 BII(b)5(cc) Pineapple juice and concentrates, of a specific gravity of 1.33 or less at 15°C
    - Further GSP rate reduction to 10 per cent and removal of discretionary licensing - Italy.
  - (c) ex 2007 AIII(a) and (b)2; BII(b)7
    - separate tariff classification for tropical fruit juices and duty-free treatment under the GSP.

- (d) Pineapples and papaya, and products thereof
  - duty-free treatment under the GSP.
- (e) Passion-fruit juice
  - duty-free treatment under the GSP.
- Japan:
  - (a) ex 0801-2 Fresh pineapples - reduction of m.f.n. duty (20 per cent) to 10 per cent.
  - (b) 2005 ex 1 Sugared fruit puree and fruit pastes
    - separate tariff classification for tropical fruit and duty-free treatment under the GSP.
  - (c) ex 2006 (0102 HA) Fruit otherwise prepared or preserved in pulp form containing added sugar or spirit, n.e.s.
    - separate tariff classification for tropical fruit and duty-free treatment under the GSP
  - (d) ex 2006-1(1) Pineapples containing added sugar in cans, bottles or pots, not more than 10 kg. each including container - removal of quantitative restrictions
- Finland:
  - 2006.600 Pineapple otherwise prepared or preserved, whether or not containing added sugar or spirit
    - M.f.n. duty-free treatment and removal of quantitative restrictions.
    - removal of quantitative restrictions
- New Zealand:
  - 2006.13 Pineapples prepared or preserved
    - reduction of m.f.n. duty to 15 per cent and removal of quantitative restrictions
- Norway:
  - ex 2006.209 Pineapples, other than containing added spirit and containing added sugar, in containers weighing with contents, 3 kgs. or more
    - Advance implementation of Tokyo Round concessions (0 per cent).

- Switzerland: ex 0801.30 Coconuts, Brazil nuts, avocados, mangoes, guavas and mangosteens, fresh or dried, shelled or not.
  - reduction of m.f.n. rate to zero
- ex 2006.20 Pineapples, otherwise prepared or preserved, whether or not containing added sugar or spirit
  - reduction of m.f.n. rate to zero.
- ex 2006.24 Mixed fruits (tropical fruit salad)
  - duty-free treatment under the GSP.
- United States: 14898.20 Pineapples, prepared or preserved
  - Reduction of m.f.n. rate (0.25¢/lb.) to zero.
- 15002 Mixtures of two or more fruits, prepared or preserved, in airtight containers and not containing apricots, citrus fruits, peaches or pears.
  - reduction of m.f.n. rate to zero or advance implementation of Tokyo Round concession rate (7 per cent).
- 15276 Fruit pastes and fruit pulps, n.e.s.: papaya, etc.
  - duty-free treatment under the GSP
- 16544 Pineapples, not concentrated or having a degree of concentration of not more than 3.5 degrees (as determined before correction to the nearest 0.5 degree).
  - reduction of m.f.n. rate (20¢/gal. or 27.9 per cent) to zero or duty-free treatment under the GSP.
- 16546 Pineapples, other than not concentrated, or having a degree of concentration of not more than 3.5 degrees (as determined before correction to the nearest 0.5 degrees)
  - reduction of m.f.n. rate (5¢/gal. or 15.2 per cent) to zero.
- Passionfruit juice
  - duty-free concessions.