

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

IC/WP1/27

6 March 1958

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Original: English

WORKING PARTY ON THE ASSOCIATION OF OVERSEAS TERRITORIES WITH THE EUROPEAN ECONOMIC COMMUNITY

COMMODITY NOTE: NUTMEGS AND OTHER SPICES

Submitted by the United Kingdom Delegation

This item does not appear in any of the tariff lists of the Treaty of Rome, and it is assumed, therefore, that the Common Market duty will be the arithmetical average of present duties. It would be useful if the Six could provide more information on this and also state what the present duties are in the different Member States of the Community.

2. Among the spices included in Chapter 9 of the Brussels Nomenclature (apart from cloves dealt with in a separate paper) are pimento (Ex. 09.04), ginger and tumeric (both Ex. 09.10) and nutmegs (09.08) all exported from British West Indies. Exports of all these went to the Six in 1956 as follows:

| Commodity and Territory of Export | Total Exports of Com- modity | Exports to Six | Exports to Six as % of total exports of commodity |
|--|---------------------------------------|-------------------|--|
| | \$ BWI | \$ BWI | |
| Pimento | 5,880,000 | 2,037,000 | 35.0 |
| Ginger | 1,437,100 | 5,800 | 0.4 |
| Nutmegs | 3,462,000 | 99,000 | 2.9 |
| Tumeric | 69,000 | 20,000 | 30.0 |

3. It is not known whether there are exports of any of these products from the A.O.T's or D.O.M's. But their inclusion in Annex II of the Treaty would seem to imply that there is an A.O.T interest. It would be useful if the Six could provide details of the production and exports of their overseas territories.

Assuming however, that there is an A.O.T interest in these products (or conditions suitable for their production are present) the establishment of a common tariff above zero would create a new preference for the A.O.T's in the markets of the Six. The full price advantage of the preference would accrue to their exports to the Six and this, together with the guarantee of a market, would act as a stimulus to production. In addition there would be a rise in price of these products to consumers in the Six. All these factors would be detrimental to exports from the British West Indies and would create a diversion of trade.

4. In addition the inclusion of spices in Annex II to the Treaty of Rome means that the agricultural provisions of the Treaty could be applied to them. If this were done it would create additional non-tariff preferences in favour of the A.O.T's and/or D.O.M's which could, at least in the long run, be a greater danger to British West Indies' exports to the Community than the tariff preference.