I. General

1. The Committee was established by the Resolution of Ministers of 21 May 1963 (MIN(63)8) with the following terms of reference:

"The CONTRACTING PARTIES do set up an Action Committee, firstly to assist them in the implementation of the Programme of Action and secondly, as appropriate, to initiate, process and co-ordinate further positive measures mentioned in the Conclusions adopted by Ministers (MIN(63)7) to help developing economies to strengthen their production potential and export capacity in order that the expansion of international trade may contribute to their economic development.

"The Action Committee and other appropriate bodies of the CONTRACTING PARTIES in their further work shall take into account the measure of agreement reached on the Programme of Action and the views expressed by Ministers, as reflected in the Conclusions adopted by them, and

"The Council of Representatives shall take the procedural steps necessary to establish the Action Committee referred to above ..."

2. As instructed, the Council, at meetings in June and July 1963, (C/M/16 and C/M/17) took the necessary procedural steps to set up the Action Committee. In accordance with the procedure adopted, the Committee was appointed with the following membership:

Belgium
Brazil
Canada
Ceylon
Chile
Czechoslovakia
Denmark
Finland
France
Germany, Fed. Rep. of
Ghana
India
Indonesia
Israel
Italy
Japan
Luxembourg
Netherlands
New Zealand
Nigeria
Norway
Pakistan
Peru
Spain
Sweden
Tunisia
United Arab Republic
United Kingdom
United States
Upper Volta
Uruguay
Yugoslavia
The Commission of the European Economic Community also participates in the work of the Committee.

Further, as agreed by the Council (C/M/17), the Chairman of Committee III is an *ex officio* member of the Action Committee.

3. The Committee held its first meeting from 9-12 September 1963. The Council had agreed that the Committee should elect its own officers. His Excellency Mr. K.B. Lall of India, Ambassador Extraordinary and Plenipotentiary to Belgium and for Economic Affairs in Western Europe, was unanimously elected Chairman of the Committee.

II. Implementation of the Conclusions of Ministers relating to development and the expansion of trade of less-developed countries

4. The Committee decided that, before establishing priorities for its programme of work, it would be necessary to take stock of the present position as regards the implementation of the ministerial Conclusions (MIN(63)7) and thus identify the problems which most urgently require the attention of the Committee.

A. Reports by governments on the implementation of points (i) to (vi) of the Action Programme

5. To assist the CONTRACTING PARTIES in the implementation of the various aspects of the Action Programme, an invitation was sent to governments (GATT/AIR/338) to report on the measures they had taken, and those they would be taking before the end of the year, to give practical effect to the Conclusions of Ministers relating to the Action Programme. In response to this invitation written communications were received from eighteen countries, primarily industrialized countries (see the Annex to this report). Additional reports on measures taken to implement the Action Programme, some of these supplementing the earlier written submissions, were made by a number of GATT countries during the meeting. The findings of the Committee on progress made by contracting parties with respect to each of the first six points of the Action Programme are set out below.

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1 Point (vii) of the Action Programme relates to the reporting procedure.

2 The Annex contains a consolidation of the communications circulated in AC/1 and Add.1 through Add.6, and a statement submitted subsequently by New Zealand together with an indication of changes which were announced during the meeting regarding subsequent developments.
(i) Standstill provision

6. The Committee noted that, with respect to the items covered by the Action Programme, the standstill had been maintained in full by all industrialized countries from whom communications had been received. Representatives from many industrialized countries reaffirmed their governments' full support for the Conclusions of Ministers relating to the standstill provision.

(ii) Removal of quantitative restrictions

7. The Committee noted that since the ministerial declaration further progress in the removal of quantitative restrictions affecting products examined by Committee III had been made by Japan and France and also Denmark, which applied restrictions for balance-of-payments reasons. A number of industrialized countries indicated that liberalization of the remaining items was under consideration. A firm target date was given by Norway, for the liberalization of coffee (15 November 1963), the last remaining product examined by Committee III subject to quantitative restriction in Norway. The Benelux countries informed the Committee that castor oil, the last Committee III item subject to restriction, would be liberalized by 31 December 1964, at the latest.

(iii) Duty-free entry for tropical products

8. The Committee welcomed the positive response by industrialized countries to the Conclusions of Ministers as they relate to duty-free entry for tea and tropical timber. The Committee noted that, with only a few exceptions, all industrialized countries had notified the Committee that the products concerned either benefited from duty-free entry or that duties had been removed or suspended or that the necessary action for obtaining legislative authority, to eliminate duties in the near future, had already been taken. A similar indication was given by one of the developing countries, Yugoslavia. The hope was expressed by members of the Committee that, in those cases where duties had only been suspended, the elimination of customs duties on these products would soon be formalized. While recognizing the special position of Japan in regard to the elimination of duties on tea, regret was expressed that Japan had not found it possible to give an indication at this time that customs duties on tea would be reduced or eliminated in the near future.

9. As regards the import treatment accorded to other tropical products covered by the Action Programme, the Committee noted with satisfaction the steps taken by Norway to eliminate duties on bananas and to formalize duty-free entry for coffee. Similarly, the Committee welcomed the notification by the United States Government on the steps it had taken to bring about the early elimination of duties on instant coffee and to extend the duty-free entry now applied to raw cocoa and to semi-processed cocoa as well. Furthermore, the Committee welcomed the indication given by the EEC that, with the coming into effect of the Association Convention with the eighteen African States and the Malagasy Republic, the common external tariff on coffee and cocoa and on certain other products of interest to less-developed countries would be substantially reduced.
(iv) Elimination of tariffs on primary products

10. The Committee noted with satisfaction that, in a large number of cases, imports of the primary products concerned were granted duty-free entry, and that, with respect to other cases, industrialized countries had reaffirmed their intention to work toward the removal or substantial reduction of such duties in the context of the forthcoming trade negotiations. The Committee expressed the hope that industrialized countries, which had not yet given such an indication in regard of duties in force for these products, would soon do so.

(v) Reduction and elimination of tariff barriers to exports of semi-processed and processed products from less-developed countries

11. The Committee welcomed the statements made by a number of industrialized countries that they were not considering the inclusion in their exceptions lists for the forthcoming trade negotiations, products identified by Committee III as being of particular export interest to less-developed countries. The Committee also welcomed the tariff reductions on some products of export interest to less-developed countries which had recently been put into effect by some industrialized countries.

12. The Committee expressed the hope that other industrialized countries would also find it possible to announce tariff reductions on these products prior to the forthcoming trade negotiations. Similarly, the hope was expressed that governments which had not yet given an indication that the items examined by Committee III would be the subject of concessions in the forthcoming round of trade negotiations would find it possible to give such an indication to the Committee in the near future.

13. A number of countries represented in the Committee which have contractual obligations to accord tariff preferences indicated that they were prepared to consult with the countries affected regarding measures for the implementation of the ministerial Conclusions in regard to the reduction and the elimination of duties on semi-processed and processed products. These indications were welcomed by the Committee and the hope was expressed that any problems in moving ahead with the implementation of the ministerial Conclusions, could soon be resolved.

(vi) Progressive reduction of internal fiscal charges and revenue duties

14. The Committee welcomed the initiative taken by the Swedish Government to obtain Parliamentary support for the abolition of the internal fiscal charge on coffee, with effect from 1 January 1964. Disappointment was expressed, however, that no progress in the removal or reduction of such charges had been reported by the few remaining industrialized GATT countries still applying them.

General comments

15. The Committee welcomed the progress in the implementation of the ministerial Conclusions relating to the Action Programme which had been notified. Nevertheless, many members of the Committee felt that action taken since the ministerial meeting in implementing the various proposals of the
Action Programme in many instances fell short of what might have been expected. They expressed the hope that additional measures to implement the Action Programme would soon be forthcoming and that such progress would promptly be notified to the Action Committee. Particularly, the hope was expressed that those governments which had failed so far to submit progress reports would do so in the near future.

B. Other positive measures to assist the development and expansion of trade of less-developed countries

16. The terms of reference of the Committee provide that, in addition to assisting the CONTRACTING PARTIES in the implementation of the Programme of Action, the Committee should, as appropriate, initiate, process and co-ordinate further positive measures mentioned in the Conclusions adopted by Ministers, to help developing economies to strengthen their production potential and export capacity in order that the expansion of international trade may contribute to their economic development. The Committee recalled that the first seven points of the Action Programme, providing a procedure for the reduction and elimination of barriers to trade, had been conceived as a minimum programme and that in addressing themselves to the eighth point of the Action Programme, Ministers had emphasized the need for positive measures other than the mere elimination of trade obstacles to achieve the common objective of a marked and rapid increase in the export earnings of the developing countries as a whole. Contracting parties had been invited (paragraph 4 of GATT/AIR/338) to report action they had taken to implement the ministerial Conclusions in this regard.

17. The representative of the Netherlands, speaking on behalf of the European Economic Community, referred to the proposals put forward earlier by the French authorities that the possibility of rendering effective assistance to the development and expansion of export earnings might be achieved through the adoption of market organization schemes, such as had successfully been tried on the national level. Furthermore, the Belgian Minister had referred to measures for the development of the economies of less-developed countries through selective industrialization which might require the relaxation of the most-favoured-nation clause. The French and Belgian suggestions were referred to in paragraph 6 of the ministerial Conclusions (MIN(63)7). The member governments of the European Economic Community had these proposals under consideration with a view to exploring all possibilities for giving them practical effect. The Committee expressed the hope that the European Economic Community would be in a position, at the next meeting of the Committee, to present concrete proposals regarding the ideas put forward during the ministerial meeting and referred to above.

18. The Committee also took note of four specific proposals by the representative of Israel on measures which industrialized countries might take to make a positive contribution towards the expansion of exports of the less-developed countries. In short, the four areas proposed for consideration by the Committee, with a view to early action on these proposals, are:

1. The provision of export risk insurance by industrialized countries for exports of less-developed countries:
(ii) the provision of export assistance funds by industrialized countries, derived from customs duty receipts on imports from less-developed countries;

(iii) assistance to be provided by industrialized countries for marketing and export promotion activities of less-developed countries; and

(iv) the establishment of machinery to assist, where required, industries in importing countries to adjust to the changing pattern of trade and increasing import competition from developing countries.\(^1\)

19. In further discussion under this heading of measures which could be expected to make a positive contribution to the expansion of export earnings of less-developed countries, the representative of Tunisia pointed to the advantages which would be derived from an enlargement of the number of participants, importing and exporting countries, in international commodity arrangements and of an extension of the period of validity of these arrangements. Another factor to be taken into account in implementing such arrangements would be to correlate the arrangements with national development plans. The full text of the statement by the representative of Tunisia, also containing a proposal for the setting up of an insurance fund for the stabilization of export earnings, is contained in document AC/W/3.

20. Emphasizing that the request of the developing countries for tariff preferences for their industrial products should be considered as a part of the Action Programme itself, the representative of Yugoslavia made the following specific suggestions:

(a) the Action Committee should consider proposing to the CONTRACTING PARTIES that preferential treatment for industrial goods of developing countries be a specific subject to be decided upon in the forthcoming trade negotiations;

(b) the Action Committee should explore the possibility of establishing a list of industrial products of particular interest to developing countries to be submitted in connexion with the new round of trade negotiations, with a view to obtaining preferential access for these products to the markets of industrialized countries.

21. Positive action by the CONTRACTING PARTIES on the proposal for preferential treatment of exports of manufactured and semi-manufactured products of less-developed countries was strongly supported by the United Arab Republic. The representative of the United Arab Republic pointed out that, even if the Programme of Action was implemented in full, and within the delays foreseen, it would not be sufficient to stop the widening of the gap between the per capita income of industrialized and the less-developed countries. Another area of work which would require careful consideration was the exploration of the possibility of financing trade expansion of the less-developed countries, referred to in the ministerial Conclusions.

\(^1\) The proposals are set out in detail in document AC/W/2.
III. Work programme and procedures

A. Implementation of the Conclusions of Ministers relating to the elimination of barriers to trade (points (i) to (vii) of the Action Programme)

22. In carrying out work to be done under this heading, the Committee will be assisted by Sub-Committee 1. (See under C below).

23. The Committee decided that, in accordance with its terms of reference, it should follow closely the progress made by contracting parties in implementing the Action Programme and to take any action necessary to speed progress in the implementation of the ministerial Conclusions.

24. To facilitate the Committee's task, progress by contracting parties in the implementation of the Action Programme should be notified to the secretariat as quickly as possible. Further, taking account of the Conclusions of Ministers relating to the Action Programme and of the experience gained in the first examination of progress carried out by the Committee (summarized in Part II A above), it was agreed that, in accordance with the requirement of point (vii) of the Action Programme, contracting parties should submit each year a report indicating, with respect to each of the points of the Action Programme, the present position, and, where appropriate, the measures they have taken and those they propose to take over the next twelve months, to provide larger access for the products of less-developed countries. In addition, contracting parties should provide the Action Committee with any information which might be required for carrying out its task. Contracting parties should be prepared to consult with the Committee about the reasons for any delay in the implementation of the Action Programme.

25. With regard to the periodic review of progress to be carried out by the Committee account will have to be taken of the arrangements made in this regard by Committee III. It should be borne in mind that the review of progress by Committee III has traditionally covered all GATT countries, less-developed countries as well as industrialized countries, and all measures identified as obstacles to trade of less-developed countries, e.g. in the case of quantitative restrictions no distinction was made between those consistent and those applied inconsistently with the GATT. The Committee will make the necessary arrangements to avoid duplication of effort.

26. The Committee agreed that, apart from reviewing progress in the implementation of the Action Programme reported by contracting parties, it should concentrate its work on action conducive to the early removal of the remaining obstacles to an expansion of the export earnings of less-developed countries set out below.
(a) "Hard-core" restrictions

27. The Committee will keep progress in the removal of such restrictions under constant review and will continue to press for the elimination of any remaining restrictions. The Committee felt that, with respect to items still subject to restrictions after 31 December 1963, contracting parties concerned should be prepared to consult with the sub-committee regarding the reasons causing the delay in import liberalization. The secretariat was instructed to prepare for the Committee a paper showing all instances where restrictions continued to be applied by industrialized countries on items examined by Committee III.

(b) Tariff barriers on processed and semi-processed products

28. The Committee agreed that under this heading it would have to follow closely the work in progress, or to be undertaken in the near future, in other bodies of the GATT in preparing for the next round of trade negotiations. The Committee welcomed the indications given by some industrialized countries during the course of the meeting that their governments did not envisage including the products identified by Committee III as being of particular export interest to the less-developed countries in their exceptions lists. The Committee expressed the hope that other industrialized countries as their preparations for the trade negotiations proceeded, would soon be in a position to give a similar indication.

(c) Internal fiscal charges and revenue duties

29. As regards the removal or reduction of internal fiscal charges and revenue duties, the Committee recalled that with respect to coffee and cocoa, contracting parties had envisaged taking action designed to achieve the objectives of the Action Programme in the context of International Agreements on these products. The Committee noted that since the ministerial meeting the International Coffee Agreement had entered into operation, and that negotiations leading to an International Cocoa Agreement were scheduled to start soon. In view of the great importance of a satisfactory solution being reached, with respect to the problems affecting trade and production in these products, the Committee instructed the sub-committee to follow closely the progress being made in negotiating the International Cocoa Agreement and report thereon to the Committee, with a view to ensuring that the Conclusions of Ministers in this regard would be implemented at an early date. The Committee further decided that the sub-committee should observe closely the implementation of the provisions of the International Coffee Agreement as they relate to action envisaged under this heading, and report to the Committee from time to time on the progress made in its implementation.

B. Implementation of the Conclusions of Ministers relating to point (viii) of the Action Programme

30. In carrying out the work to be done under this heading the Committee will be assisted by Sub-Committee 2.
31. The Committee underlined the great importance it attached to progress being made under this heading. The Committee agreed that in view of the multitude of problems facing less-developed countries in the field of trade and development, it would not be desirable to attempt, at this stage, a definition of the different areas of work which the Committee should examine. Nevertheless, there were a number of problems which had engaged the special attention of contracting parties during discussions at the Meeting of Ministers, or had been specifically referred to in the discussion on the implementation of point (viii) of the Action Programme (reported under Section II B above), which the Committee might appropriately take up in the initial phase of its work, particularly those problems not dealt with in other bodies of GATT. The Committee agreed that the selection of proposals for action and problems particularly appropriate for examination by the Committee is one of the tasks to which Sub-Committee 2 should address itself at its first meeting.

32. Furthermore, the Committee agreed that it should follow closely the work of the Working Group on Preferences and of the Committee on the Legal and Institutional Framework of the GATT and, where necessary, elaborate proposals, recommendations and suggestions designed to assist these groups in their work.

33. As regards the proposals listed below, it was suggested that these proposals might, in the first instance, be taken up in Committee III, to avoid duplication and to take advantage of the experience of Committee III which had undertaken some work, in relation to a number of subjects closely related to those below, or had made provision in its current programme of work to deal with these matters.

(a) an examination of assistance in export promotion schemes which industrialized countries could render to less-developed countries;

(b) examination of possibilities of extending the activities of GATT to embrace the financing aspect of bridging the gap between export proceeds and import requirements;

(c) possibilities for assisting the expansion of trade and economic development of less-developed countries by extending the participation in and the period of validity of international commodity arrangements, and relating such arrangements to national development plans.

(d) examination of possibilities for developing countries of increasing their export earnings through the operation of market organization schemes;

(e) examination of possibilities for less-developed countries of expanding and diversifying production and trade through the application of measures designed to encourage selective industrialization.
C. Measures to speed the implementation of the Action Programme

34. In order to ensure maximum efficiency in the work of the Committee at all times, it was decided to set up three sub-committees to deal with the three major areas of work to be undertaken under the initial work programme of the Committee. The sub-committees will elect their own officers and establish their work procedures.¹

Membership and Terms of Reference of Sub-Committees 1, 2 and 3 of the Action Committee

Sub-Committee 1

Terms of reference:

- To assist the Action Committee in its task of implementing points (i) to (vii) of the Action Programme.
- To undertake any other task assigned to it by the Committee.
- To report to the Action Committee on the carrying out of its mandate.

Membership

EEC
Indonesia
Japan
Pakistan
United Arab Republic
United Kingdom
Nigeria
United States

Sub-Committee 2

Terms of reference:

- To assist the Action Committee in its task of implementing point (viii) of the Action Programme.
- To receive, process and report to the Action Committee, all suggestions which are put forward by contracting parties, except those specifically referred to Committee III or any other body.
- To undertake any other work assigned to it by the Committee.
- To report to the Action Committee on the carrying out of its mandate.

¹With respect to Sub-Committee 3 a number of representatives felt that, in view of the nature of the work, provision should be made in the work procedures for the Executive Secretary to assume a leading rôle in the work of the Committee, in calling meetings etc.
Membership

EEC
Brazil
Israel
Sweden
United Kingdom
United States
Upper Volta
Yugoslavia

Sub-Committee 3

Terms of reference:

- To maintain liaison with the various bodies of the CONTRACTING PARTIES and follow the work of other international organizations engaged in work of direct relevance to the Action Committee.

- To undertake any other task assigned to it by the Committee.

- To report to the Action Committee on the carrying out of its mandate.

Membership

Chairman of the Action Committee
Chile
Japan
Chairman of Committee III
Danmark
Netherlands
Ceylon
Ghana
Tunisia

D. Programme of meetings

35. The Committee decided to reconvene on 11 November at 2.30 p.m. The meeting is scheduled for the period 11-13 November but may be continued, if necessary, during the meeting of the Council which opens on 13 November.

36. Sub-Committee 1 and Sub-Committee 2 are expected to meet prior to the next meeting of the full Committee. The exact dates of these meetings will be communicated in due course.
ANNEX

Implementation of the Conclusions of Ministers Relating to the Action Programme

Communications from Governments

Reproduced below are written communications from governments, submitted in response to the invitation contained in GATT/AIR/338 to report on measures they have taken and those they will take before the end of the year to implement the Action Programme (MIN(63)7). These communications were first circulated in document AC/1 and addenda 1 to 6 except a statement submitted subsequently by New Zealand. Document AC/1 also contained a communication received from Ceylon which is, however, primarily of interest to the Working Group on Preferences and therefore not reproduced below.

Canada

(i) **Standstill on tariff and other trade barriers**

Canada has accepted this recommendation and is not contemplating restrictive action of any kind for the goods considered by Committee III.

(ii) **Elimination of quantitative restrictions**

Canada does not maintain quantitative restrictions of any kind on the goods considered by Committee III.

(iii) **Duty-free entry for tropical products**

Canada is prepared, as part of a general move involving major importers, to work for duty-free treatment for all products listed for which less-developed countries are the principal suppliers to Canada. With respect to oilseeds and vegetable oils, problems arise in so far as a large proportion of Canada's imports come from industrialized countries. Canada will examine this item in the framework of the forthcoming trade negotiations.

On the ministerial recommendation to remove tariffs on tropical hardwoods, the Canadian tariff already provides for free entry of all timber up to and including timber dressed on one side. As to the removal of duties on tea, this will require parliamentary authority. It is the intention of the Canadian Government to seek this authority as soon as appropriate in the light of parliamentary procedures and time-table.
(iv) **The elimination of tariffs on primary products**

Canada, in supporting this recommendation, believes that the removal of duties on such products would be of advantage to the users of primary products as well as to the suppliers, and proposes to work towards this objective in the context of the forthcoming trade negotiations.

(v) **Reduction or elimination of tariff barriers on exports of semi-processed and processed products from less-developed countries**

Canada is prepared to join in the undertaking given by other industrialized countries that such products would not be left out of the forthcoming negotiations.

(vi) **Progressive reduction of internal fiscal charges and revenue duties**

Canada does not impose special charges on these products and it is not the intention of the Government to alter this policy.

**Czechoslovakia**

In his statement of 20 May 1963 the Czechoslovak representative to the ministerial session, Mr. Jaroslav Kohout, Vice-Minister of Foreign Trade, voiced the support of the Action Programme of Developing Countries and stated that "we would be ready to join this Action Programme with respect to all points relevant to us and would implement these recommendations in a way that would give them due effect; speaking more specifically, we would provide that these measures be conducive to an increase of imports comparable at least to that achieved in other countries."

Already before the ministerial session of the CONTRACTING PARTIES, Czechoslovakia took a number of steps similar to those mentioned in paragraph 8 of the Action Programme and tending towards positive measures aimed at expansion of markets for the products from developing countries together with the diversification of Czechoslovak imports from developing countries. Some results of those measures were clearly illustrated in document COM.III/87/Add.3 of 11 September 1962. Some other steps aimed at the implementation of the Action Programme are now under consideration by the respective Czechoslovak authorities.

As far as the concrete provisions of the Action Programme under MIN(63)7 are concerned, the position of Czechoslovakia in the period since May 1963 is the following:

(i) **Standstill provision**

Czechoslovakia has not created any new customs or other barriers to imports from developing countries.
(ii) **Elimination of quantitative restrictions**

Czechoslovakia does not maintain any quantitative restrictions on imports.

(iii) **Duty-free entry for tropical products**

(iv) **Elimination of tariffs on primary products**

(v) **Reduction and elimination of tariff barriers to exports of semi-processed and processed products from less-developed countries**

Recommendations relevant to items (iii), (iv) and (v) are being considered by the competent Czechoslovak authorities.

(vi) **Progressive reduction of internal fiscal charges and revenue duties**

Czechoslovakia does not maintain specific internal charges and revenue duties on products wholly or partially produced in developing countries.

(vii) **Reporting procedures**

Czechoslovakia would be ready to report annually to the secretariat of GATT. The present report should be regarded as the first report covering the year 1963.

(viii) **Other measures**

Other positive measures aimed at expansion and diversification of trade of developing countries are under consideration by the competent Czechoslovak authorities.

**Denmark**

I have the honour to inform you that my Government in the near future will propose to Parliament to remove the Danish duty on tea (having an incidence of 25 per cent) as from 31 December 1963.

Furthermore, I can confirm that no Danish duty exists on tropical timber.

With reference to point A 4 in GATT/AIR/338 I wish to draw your attention to the elimination of a substantial part of the remaining Danish quantitative import restrictions which took place on 1 July 1963. As announced at the meeting of Committee III in March-April 1963 the following groups of articles, which are of interest to the Committee, were liberalized as from 1 July 1963:

- Reconstituted wood, auxiliary motors for cycles if the cylinder bore (piston displacement) is 50 cm³ or less, and cycles. Furthermore electrical motors were liberalized.

The Danish authorities will still have under consideration the question of eliminating the few remaining quantitative restrictions.
European Economic Community

... The Commission of the European Economic Community has the honour to communicate to you, for the information and the work of the Action Committee, the various measures which the Community has taken or decided to take in the near future and which further the expansion of the trade of developing countries. These measures are consistent with the principles and objectives which the representatives of the Community had occasion to expound at the GATT ministerial meeting in May last. The Commission wishes to point out on this occasion that the nature and effect of these measures also correspond to the objectives of the Action Programme.

Measures in the tariff field

(a) On 22 May 1963 the Council of the EEC decided that the second alignment of national duties towards the common customs tariff, which took effect on 1 July 1963, should be carried out on the basis of the common tariff reduced by 20 per cent, with the exception of products covered by Annex II of the Rome Treaty and a few items in Annex I, List G of the Treaty, as well as products on which the common tariff has been reduced by more than 20 per cent during the recent multilateral tariff negotiations. In practice, this means that alignment of duties on the above reduced basis has been applied to all the products examined by Committee III on which no tariff reduction of more than 20 per cent had been made, the only exceptions being:

- products covered by Annex II of the Rome Treaty i.e. tobacco, fish in airtight containers and tropical products, the latter being referred to in paragraphs (b) and (c) below;

- four products included in Annex I, List G of the Treaty (certain ferro-alloys under heading 73.02, aluminium and aluminium waste, and unwrought lead).

The measures providing for a 20 per cent suspension of the common tariff will remain in force provisionally until 31 December 1963.

(b) As from 1 January 1964 the common customs tariff duties to be applied by the EEC member States on tea, maté and tropical timber will be suspended provisionally until 31 December 1965 at the level indicated below, for each of the products referred to:

<table>
<thead>
<tr>
<th>Tariff item No.</th>
<th>Description of products</th>
<th>Present rate of duty as at 1.1.64</th>
<th>Rate of duty</th>
</tr>
</thead>
<tbody>
<tr>
<td>09.02</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A.</td>
<td>Tea:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>A. imported in immediate containers of a net capacity of not more than 3 kgs.</td>
<td>23%</td>
<td>5%</td>
</tr>
<tr>
<td>B. Other</td>
<td></td>
<td>18%</td>
<td>Fully suspended</td>
</tr>
<tr>
<td>Tariff item No.</td>
<td>Description of products</td>
<td>Present rate of duty</td>
<td>Rate of duty as at 1.1.64</td>
</tr>
<tr>
<td>----------------</td>
<td>-------------------------</td>
<td>----------------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>09.03</td>
<td>Maté</td>
<td>25%</td>
<td>Fully suspended</td>
</tr>
<tr>
<td>44.03</td>
<td>Wood in the rough, whether or not stripped of its bark or merely roughed down: A. Tropical wood of the species specified in the Additional Note to this Chapter</td>
<td>5%</td>
<td>Fully suspended</td>
</tr>
<tr>
<td>44.04</td>
<td>Wood, roughly squared or half-squared, but not further manufactured: A. Tropical wood of the species specified in the Additional Note to this Chapter</td>
<td>5%</td>
<td>Fully suspended</td>
</tr>
<tr>
<td>44.05</td>
<td>Wood, sawn lengthwise, sliced or peeled, but not further prepared, of a thickness exceeding 5 mm.: A. Tropical wood of the species specified in the Additional Note to this Chapter</td>
<td>10%</td>
<td>Fully suspended</td>
</tr>
</tbody>
</table>

(c) The Association Convention signed at Yaundé on 29 July 1963 provides that upon its entry into force after the requisite ratifications, substantial reductions in the common customs tariff rates are to be made on a series of tropical products.

<table>
<thead>
<tr>
<th>Tariff item No.</th>
<th>Description of products</th>
<th>Former rate of duty</th>
<th>Reduced rate of duty</th>
</tr>
</thead>
<tbody>
<tr>
<td>08.01 C</td>
<td>Pineapples</td>
<td>12%</td>
<td>9%</td>
</tr>
<tr>
<td>ex 08.01 D</td>
<td>Coconuts (dehydrated pulp)</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>09.01 A I a</td>
<td>Coffee, neither roasted nor freed of caffeine</td>
<td>16%</td>
<td>12%</td>
</tr>
<tr>
<td>Tariff item No.</td>
<td>Description of products</td>
<td>Former rate of duty</td>
<td>Reduced rate of duty</td>
</tr>
<tr>
<td>----------------</td>
<td>----------------------------------------------------------------------------------------</td>
<td>---------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>09.02 B</td>
<td>Tea other than imported in immediate containers of a net capacity of not less than 3 kgs.</td>
<td>18%</td>
<td>10.8%</td>
</tr>
<tr>
<td>09.04 A I</td>
<td>Pepper of the genus <em>Piper</em>, neither crushed nor ground</td>
<td>20%</td>
<td>17%</td>
</tr>
<tr>
<td>09.05</td>
<td>Vanilla</td>
<td>15%</td>
<td>11.5%</td>
</tr>
<tr>
<td>09.07 A</td>
<td>Cloves (whole fruit, cloves and stems), neither crushed nor ground</td>
<td>20%</td>
<td>15%</td>
</tr>
<tr>
<td>ex 09.08 A II</td>
<td>Nutmeg, neither crushed nor ground, other than when intended for the industrial manufacture of essential oils or resinoids</td>
<td>20%</td>
<td>15%</td>
</tr>
<tr>
<td>18.01</td>
<td>Cocoa beans, whole or broken, raw or roasted</td>
<td>9%</td>
<td>6.7%</td>
</tr>
</tbody>
</table>

Furthermore, as regards coffee and cocoa, an additional suspension has been decided upon, so that the rates of duty effectively applied on these two products will be 9.6 per cent and 5.4 per cent respectively. These autonomous reductions have been decided upon by common consent among the parties to the Convention.

**Measures in the field of quotas**

The Commission also wishes in the present communication to recall the new liberalization measures taken on 2 July 1963 by France vis-à-vis GATT Member countries (GATT press release No. 85 of 2 August 1963) and notes that some of the products included in the list - in particular, jute yarn and woollen yarn - are of great interest for exports by the developing countries.

The Benelux countries have expressed their intention of liberalizing, by 31 December 1964 at the latest, imports of castor oil, which is the last remaining product under quantitative restriction among those of interest to the developing countries and included in the lists of Committee III.
Japan

The Japanese Government, in pursuance of the standstill provision, has created no new trade barriers, whether of tariff or non-tariff nature, on items of importance to the export trade of less-developed countries.

The following items examined by Committee III are among those which have been liberalized with effect from 31 August 1963.

<table>
<thead>
<tr>
<th>Tariff item number</th>
<th>Description of products</th>
</tr>
</thead>
<tbody>
<tr>
<td>1202</td>
<td>Flour or meal of groundnuts or rape-seeds, non-defatted</td>
</tr>
<tr>
<td>4413-4</td>
<td>Wood, planed, round-edged tongued, grooved, chamfered or the like, Lauan, Kruing, Mersawa and other Dipterocarpaceae</td>
</tr>
<tr>
<td>4416</td>
<td>Cellular wood panels, whether or not faced with base metal (made of Lauan, Kruing, Mersawa and other Dipterocarpaceae)</td>
</tr>
<tr>
<td>7802</td>
<td>Bars, rods, angles, shapes and sections of lead; lead wire.</td>
</tr>
</tbody>
</table>

With regard to the duty-free entry for tropical products, the Japanese Government, while still finding it difficult to reduce or eliminate customs duty on tea for some time to come, is studying the possibility of removing customs duties on certain types of tropical wood. In this connexion, it is added that the Japanese Government has abolished quantitative import restriction on certain items within the category of tropical wood with effect from 31 August 1963. (See above.)

With respect to coffee, it is the intention of the Japanese authorities to seek the approval of the Parliament for accepting the International Coffee Agreement as early as possible. Pending such approval, the Japanese Government is already participating in the activities of the International Coffee Council.

Regarding cocoa, the Japanese Government endorses the conclusion of an international agreement and will take part in the forthcoming United Nations conference to be held in Geneva toward the end of this month.
New Zealand

Although New Zealand is not among the industrialized countries that were called upon in GATT/ATR/338 to report on action taken, we have indicated earlier and we repeat that we are prepared to co-operate in the Action Programme to the best of our ability.

We can say that New Zealand has supported the proposal for the standstill arrangement and that no new tariff or non-tariff barriers have been imposed since the ministerial meeting nor, to the best of our knowledge, are there any contemplated.

On the question of the elimination of quantitative restrictions, members of the Action Committee will recall that New Zealand's export difficulties oblige us to maintain controls over imports that are fully consistent with the GATT. Within that system and in the light of our exchange situation, import licences are issued for most tropical products to the full extent of current demand. New Zealand's consumption of many of such products is among the highest in the world. On such products therefore there is no really quantitative restriction despite our balance-of-payments difficulties, although the formal requirements under the licensing system as a whole must be observed.

We have already said that we shall play our part along with other countries in making tariff concessions. Full account will be taken of the developing countries' needs in considering what we can do during the coming tariff round. Many New Zealand tariffs relating to tropical products are already free or very low. We have contractual obligations on certain preferences and perhaps other international obligations which would oblige us to consult with other countries concerned in any reconsideration of our tariff. The New Zealand authorities are studying the possibility of tariff reductions on the specific products mentioned in this Committee.

New Zealand has no internal revenue duties on products of special interest to the developing countries.

Norway

... The Norwegian Government, in accordance with the agreement by Ministers at their meeting on 16-21 May 1963, has taken measures to formalize the present duty-free entry for tea (ETN 09.02) from the end of 1963. At the same time the Government will formalize the duty-free entry for coffee (ETN 09.01), cocoa shells, husks, skins and waste (ETN 18.02). Furthermore, the duty on bananas (ETN 08.01) will be abolished.

Most other tropical products e.g. tropical timber, cocoa beans, oilseeds and a number of vegetable oils already enjoy duty-free entry in Norway.

Quantitative restrictions on coffee will be removed as of 15 November 1963, whereafter there will be no quantitative restrictions on tropical products examined in Committee III.
South Africa

(i) **Standstill provision**

With the very limited exceptions of compelling need, South Africa subscribes to this provision.

(ii) **Elimination of quantitative restrictions**

The quantitative restrictions maintained by South Africa are consistent with the provisions of GATT.

(iii) **Duty-free entry for tropical products**

South Africa's tariffs on tropical products are already at comparatively low levels. Tea in containers exceeding 10 lbs. in weight and raw cocoa beans are, for example, admitted duty free, while duties are maintained on tropical timber and raw coffee in order to comply with treaty obligations relating to the granting of preferences. On tropical timber, the most-favoured-nation rate of duty is only 2 per cent ad valorem.

South Africa is, however, prepared to consult on the customs duties on any tropical products, which may be causing problems for less-developed countries.

(iv) **Elimination of tariffs on primary products**

South Africa is prepared to consult in respect of these products as well.

(v) **Reduction and elimination of tariff barriers to exports of semi-processed and processed products from less-developed countries**

With regard to these products, South Africa experiences problems similar to those of the countries which the Programme of Action is designed to assist. Nevertheless here, too, South Africa is prepared to consult.

(vi) **Progressive reduction of internal fiscal charges and revenue duties**

South Africa has no internal fiscal charges or revenue duties on any of the products identified by Committee III as of importance in the trade of less-developed countries (i.e. the products in the Committee's Lists I, II and III).

Sweden

... The Swedish Government intends to put a proposal before the Swedish Parliament during its coming autumn session to the effect that import duties on tea be abolished. No such duties are levied on tropical timber.
Although unanimity was not reached during the ministerial meeting in May on the abolition of import duties and internal taxes on coffee my Government also intends to propose that the Swedish internal tax on coffee be abolished.

In case the Swedish Parliament would approve these proposals the corresponding changes in our import regulations would come into effect on 1 January 1964.

As regards Swedish policies on the importation of products from the less-developed countries I would like to refer to the statement by the Swedish Minister of Commerce, Mr. Gunnar Lange, during the last ministerial meeting as well as to information reproduced in various GATT documents such as COM.III/89/Rev. and COM.III/73 and Addendum.

**Switzerland**

Measures which the Swiss authorities have taken or are envisaging to implement the Action Programme:

**Point 1:** The Swiss Government has not erected any new barriers or intensified any existing ones which might affect imports of products of particular interest to the export trade of the developing countries.

**Point 2:** Since Switzerland does not apply any quantitative restrictions on these products, the Government cannot do more than it has already done.

**Point 3:** The Swiss authorities are considering abolishing the customs duties on tea and tropical timber.¹

**Points 4 and 5:** In the general negotiations in 1964, Switzerland is not considering excluding from the tariff reduction the products of interest to developing countries which are included in the three lists drawn up by Committee III.

As regards tariffs on primary products, these are in general extremely modest and do not constitute a barrier to imports.

**Point 6:** Apart from customs duties, Switzerland does not apply any revenue duties or internal fiscal charges. Consequently, this point is not applicable to Switzerland.

¹During the meeting the observer for Switzerland advised the Committee that since the communication was sent a proposal to this effect had been made to Parliament.
United Kingdom

... The United Kingdom will suspend duties on tea and tropical hardwoods on 1 January 1964 until 31 December 1965. The duties suspended are those on tea (09.02) mate (09.03) and all hardwoods included under the tariff headings 44.03 - 44.04 - 44.05, except oak, ash, birch, maple, elm, sycamore, walnut, aspen, poplar, beech, Spanish chestnut and jarrah and karri.

(Also relevant for the Action Committee are certain changes in the United Kingdom's arrangements for the jute industry which were announced on 13 August 1963. Relevant sections of a communication received in this connexion are reproduced below.)

The Jute Control deals only with imports. It is empowered to trade in jute goods from any source but at present confines its trade to imports from India and Pakistan. It is the sole importer from these countries of jute yarn, cloth and bags (except heavy bags, common sacking and woolpacks which have been returned to private trade and are freely licensed). Yarn is sold at cost plus overheads. Other imports by the Jute Control are sold at enhanced prices; some (the greater part of the Control's imports of cloth) are sold at a fixed mark-up of 10 per cent, most other cloths at prices at which equivalent goods can be produced and sold by the United Kingdom industry and bags at a fixed mark-up of 50 per cent. The Jute Control imports such quantities as are required to meet the demand upon it.

Private imports of all jute goods from the Irish Republic are freely licensed either individually or under the Open General Licence; imports from the Eastern Area are not licensed. As regards imports from other sources, imports of yarn, heavy bags, common sacking and woolpacks are freely licensed; other cloth and bags are subject to a quota covering imports from all sources (i.e. except India, Pakistan, the Irish Republic, and the Eastern Area). No other conditions are imposed upon private importers. Home produced goods and privately imported goods compete freely with those imported by the Jute Control.

No long-term contracts are negotiated and State-trading methods are not used to fulfill contractual obligations entered into by the Government.

This notification reflects changes made recently in the United Kingdom's arrangements for jute goods imported from India and Pakistan and is relevant to the reporting required by airgram GATT/AIR/338, paragraph 4. Briefly, heavy bags, common sacking and woolpacks (some 15 per cent of the Jute Control's sales) are being returned to private trade and will be licensed freely. On a further 60 per cent of the Jute Control's sales (common hessian cloth mainly used for bag making) the mark-up has been halved from 20 to 10 per cent. Specifications of cloth and bags previously not imported from India and Pakistan can now be imported via the Jute Control subject to the appropriate mark-up.
United States

Standstill provision. The United States has imposed no new tariff or non-tariff barriers on items of interest to less-developed countries other than certain restraints under the Long-Term Cotton Textiles Arrangement.

Duty-free entry for tropical products. The United States is preparing to utilize to the fullest possible extent the various provisions of the Trade Expansion Act of 1962 to deal with duties on tropical products during the 1964 trade conference. The United States already admits most tropical products free or at low rates of duty.

With respect to cocoa, the United States intends to support the conclusion of an international agreement reflecting the ministerial conclusions on cocoa, and will be prepared to seek United States legislative authority to implement provisions in such agreement which would call for the removal or reduction of duties on semi-processed cocoa. The United States has no duty or non-tariff barrier on raw cocoa.

With respect to coffee, the United States expects to complete its ratification of the International Coffee Agreement and obtain necessary implementing legislation by the end of 1963. The United States has no tariff or non-tariff barriers on crude, roasted or ground coffee. It does have a tariff of three cents per pound on instant or soluble coffee. Legislation to transfer soluble or instant coffee to the free list was introduced into the House of Representatives in the early part of 1963. The United States Government is not now able to predict whether this legislation will be enacted before the end of this year.

The United States is studying the possibility of removing or suspending the existing low duties on tropical timber.

On the reduction or elimination of tariffs on primary products and semi-processed and processed products, the United States intends to negotiate the elimination or substantial reduction of tariffs on as many of these categories as possible during the 1964 trade conference. The United States has already recorded at the May ministerial meeting its legislative requirement that United States tariff reductions or eliminations must in general be staged over a period of five years.

Over the past years, the United States, by unilateral legislative action has suspended, reduced or completely eliminated customs duties on various products of interest to less-developed countries. Thus far in 1963, the United States has taken action to continue for another three years the suspension of the tariff on istle or tampico fibre and certain tanning extracts and has, under the Revised Tariff Schedules, reduced the duty on Panama hat bodies from 25 to 10 per cent.
Yugoslavia

Imports of tropical timber into Yugoslavia are now imported free of duty. Legal provisions are being drawn up for the duty-free entry of tea with effect from 31 December 1963. Lastly, the Yugoslav authorities are also considering adopting appropriate measures with respect to the other tropical products referred to by the resolution of the ministerial meeting.

1The text reproduced incorporates corrections supplied by the Yugoslav authorities in regard to their earlier submission.