Revision

1. The Declaration annexed to the Ministerial Conclusions of 30 November 1961 and adopted by the CONTRACTING PARTIES on 7 December 1961 states, inter alia, that the CONTRACTING PARTIES "agree that the removal or considerable reduction of revenue duties and fiscal charges in industrialized countries would be a useful contribution to the foreign exchange earning capacity of less-developed exporting countries". (See BISD, 10S, page 30.) As noted in the Decision of the CONTRACTING PARTIES of 7 December 1961, the Declaration was adopted as the basis for their future work in the field of promotion of trade of the less-developed countries.

2. In accordance with this Decision - which also directed Committee III to take immediate steps to establish specific programmes for action, and where feasible, target terminal dates, for progressive reduction and elimination of barriers to the exports of less-developed countries and in this connexion to give careful consideration to the question of duty-free entry for tropical products - the Committee at its February meeting considered various aspects of the problem of revenue duties and internal taxes. In its earlier special report (L/1557) the Committee had noted that in the case of coffee, tea and cocoa these taxes applied only to imports from less-developed countries since there was no domestic production in the importing countries. A proposal was made by a member of the Committee for the reduction, by 50 per cent in 1963 and by another 50 per cent in 1965, of all revenue duties and internal taxes affecting coffee, tea and cocoa, but it was considered that it would be opportune for the Committee to examine at its April/May meeting any such precise plans.

3. As regards this proposal for a two-stage reduction of revenue duties and internal taxes on coffee, tea and cocoa, the Committee at its April/May meeting agreed that it might be taken up at a later stage in the light of the discussions in the Special Group on Trade in Tropical Products.

However, the Special Group did not fully discuss these topics during its meeting in June. The report of the Special Group on this point reads as follows:
"50. Members of the Group expressed their great disappointment that little progress had been made in the implementation of this part of the Ministerial Declaration, the more so as it need not wait on collective action. Little or no progress had been made in some countries and there appeared to be little prospect of substantial progress being made in the near future. Accordingly they can only suggest that the CONTRACTING PARTIES should recommend further discussion of the question at ministerial level at an early date, with a view particularly to considering the difficulties which are delaying the implementation of the Ministerial Declaration insofar as it relates to revenue duties and fiscal charges and what steps could be taken to speed up such implementation."

5. The Swedish delegation wishes to reiterate the fact that the mandate of Committee III, as already stated above, includes the removal or considerable reduction of revenue duties and fiscal charges on tropical products in industrialized countries, which have no domestic production of such commodities and where these import charges consequently have no protective character. It follows that all such charges - whatever be their type and denomination (with the exception of general sales tax, which is outside the scope of this discussion) - should be discussed together, all of them being elements of the fiscal policy of the governments of industrialized countries.

6. Individual action to reduce or eliminate these taxes might be taken at any time by the industrialized countries, most of which apply them in one form or the other. However, unilateral reduction or abolition of these taxes by individual countries is not likely to have the desired effect as regards improvement in volume and/or terms of trade for the under-developed countries, unless such isolated actions are undertaken by a majority of the main importing countries. The reason for this is obvious. If for example one importing country should abolish its taxes on, let us say, coffee, this would not materially affect the current world price and/or consumption of coffee and the short-term effect would probably be no more than a windfall (in the form of lower import prices) in favour of the coffee importers and the coffee consuming public in the importing country concerned. Thus, only a comprehensive and massive adherence to the declared intent of the Ministers in their November 1961 Declaration to reduce, or preferably to abolish, all these taxes would generate the desired effect, namely improved terms of trade for the exporting less-developed countries and increased market access and sales volume for their products.

7. It is equally obvious that it will be more difficult to achieve results by replying on individual national "sacrifices" in the form of giving up the revenue sources under discussion than to achieve results by concerted multilateral action according to a pre-determined plan.
8. For the reasons stated the Swedish delegation would prefer consideration to be given to action according to a multilateral plan. By the expression "multilateral plan or approach" the Swedish delegation means a collective commitment or declaration of intent by the industrialized countries to reduce or eliminate, according to an agreed plan of action, and within a given period of time (that is within a reasonable period of time), the duties and taxes involved. It should be emphasized that this formula is not tantamount to tariff negotiations, which, in the opinion of the Swedish delegation, would not present a solution to a problem which requires action primarily by the importing countries, as the less-developed countries would probably not be in a position to give any substantial compensation in this context.

9. The mandate of Committee III to examine plans for the reduction or removal of all such duties and taxes is clear. In the view of the Swedish delegation a thorough discussion of the possibilities of a multilateral approach in this respect should be held before the question be referred back to the CONTRACTING PARTIES at a ministerial meeting.