I. INTRODUCTION

1. The Group had before it the Ministerial Declaration on the Promotion of the Trade of Less-developed Countries of 30 November 1961 and noted the importance and relevance of the commitments undertaken by governments in the Declaration. The Group considered that the forthcoming negotiations for the conclusion of an international coffee agreement and of an international cocoa agreement would afford appropriate occasions for the constructive application of these principles.

2. The Group considered the specific proposal put forward by Nigeria relating to duty-free entry for tropical products (L/1608) and noted that most Ministers at their meeting in November 1961 were of the view that this proposal should be given careful consideration.

3. Most members were of the view that the Nigerian proposal should be implemented at an early date. They recognized however that, in implementing this proposal, account would have to be taken of the situation of those countries which at present enjoy preferential access to markets and that, concurrently with the move toward duty-free entry, there should be action to meet the special problems of these countries and to maintain and accelerate their economic development. They accordingly agreed that these problems should be further examined by a Sub-Group with the terms of reference set out below.

4. Those members of the Group who were not, at this stage, in a position to support the Nigerian proposal also agreed with the setting up of the Sub-Group and with its terms of reference, as it was their view that further examination of these problems would be a prerequisite to their being able to come to a conclusion in this matter.
II. ESTABLISHMENT OF SUB-GROUP

5. The Group decided to establish a Sub-Group with the following terms of reference, it being understood that the work should relate, on a commodity-by-commodity basis, to the following products: cocoa, coffee, tea, vegetable seeds and oils, tropical timber and bananas.

The Sub-Group should:

(a) study in respect of an illustrative number of developing countries the possible importance to developing countries of the preferential or other sheltered access they enjoy in certain industrialized markets in the context of their economic needs and of the possible trade dislocation caused to non-preferential exporters;

(b) analyze the effects on these countries if arrangements for such preferential access were to be removed;

(c) develop proposals for alternative mechanisms aimed at (i) assuring countries enjoying preferential access to certain markets alternative benefits which would maximize their foreign exchange earnings and promote their economic development, and (ii) provide compensation to the countries suffering from discrimination during the period until such discrimination is eliminated;

(d) study the position of tropical products (other than coffee and cocoa) with particular reference to production, consumption and trade as well as marketing arrangements;

(e) consider the problems arising with respect to particular tropical products from the existence of protective tariffs and other barriers to trade;

(f) authorize the Executive Secretary to make arrangements for appropriate collaboration with national experts and with international organizations in support of the activities of the Special Group.
6. Some members of the Group drew attention to the fact that certain arrangements were under contemplation or negotiation which could result in the establishment of preferential arrangements beyond those contained in the 1947 settlement upon which the GATT is based. If such arrangements were implemented and there was delay in implementing the Nigerian proposal there was, in the view of these members, real risk of damage to non-preferential suppliers and, as these members had been willing to study the problems of preferential suppliers which might result from the implementation of the Nigerian proposals, it was reasonable that consideration should also be given to their problems.

7. Other members of the Group pointed out that, in their view, it was by no means certain that the effect of arrangements under consideration or negotiation would have the result of increasing the incidence of preferences on the tropical products with which the Group was concerned or would result in any diversion of trade from non-preferential suppliers.

8. The Group felt that the matters raised were within the terms of reference of the Sub-Group and, moreover, agreed that the normal procedures of the GATT were always available to those countries which felt themselves to be adversely affected.

III. REVENUE DUTIES AND FISCAL CHARGES

9. It was pointed out that the Ministers had agreed in their Declaration of 30 November 1961 that the removal or considerable reduction of revenue duties and fiscal charges in industrialized countries would be a useful contribution to the foreign exchange earnings of the less-developed countries.

10. Members of the Group expressed their great disappointment that little progress had been made in the implementation of this part of the Ministerial Declaration. While some progress had been made in a few of the countries concerned, little or no progress had been made in others and there appeared to be little prospect of substantial progress being made in the near future. Accordingly, they 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 arise in the implementation of that part of the Ministerial Declaration relating to revenue duties and fiscal charges, and what steps could be taken to speed up such implementation.