I. INTRODUCTION

1. The Group had before it the Ministerial Conclusions and 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.

2. Most members were of the view that the Nigerian proposal relating to duty-free entry for tropical products (L/1608) should be implemented at an early date. In implementing this proposal, account should be taken of the situation of those countries which at present enjoy preferential access to markets and, concurrently with the move towards duty-free entry, action should be considered to meet their adjustment problems as well as the problems of those countries which are adversely affected by the continuation of the preferences during the transitional period, in order to maintain and accelerate the economic development of both groups of countries.

3. Other members of the Group pointed out that, while most Ministers had agreed that the Nigerian proposal should be given careful consideration, their Ministers had, as yet, taken no decision on the principle of duty-free entry and it was the view of these members that further examination of the problems involved would be a prerequisite to their being able to come to a conclusion in this matter.

4. Having regard to the considerations set out in paragraph 2 and 3 above, the Group agreed to establish a Sub-Group with the terms of reference set out below.

II. ESTABLISHMENT OF SUB-GROUP

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

(a) appraise in respect of an illustrative number of developing countries the importance to developing countries of the preferential or other sheltered access they enjoy in certain important markets in the context of their economic needs;

(b) appraise in respect of an illustrative number of developing countries the effects on their trade of the preferential or other sheltered access enjoyed by their competitors;

(c) in case of both (a) and (b) analyse the effects on these countries if arrangements for such preferential access were to be removed;

(d) study the position of tropical products (other than coffee and cocoa)\(^1\) with particular reference to special arrangements affecting trade as well as production and consumption;

(e) consider the problems arising from the existence of protective tariffs and other barriers to trade;

(f) examine all possible ways and means, including the specific proposals and suggestions made by Brazil, Nigeria and the United States in the course of the discussions of the Group, for solving the problems and attenuating the difficulties that may be revealed in the aforementioned studies and propose specific courses of action to this end.

6. The Group requested the Executive Secretary to make arrangements for appropriate collaboration with national experts and with international organizations in support of the activities of the Sub-Group.

7. The Group requested the Executive Secretary to submit a progress report on the work of the Sub-Group to the twentieth session of the CONTRACTING PARTIES and the Sub-Group should submit a report to a meeting of the Special Group in the month of November 1962.

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\(^1\) See Section IV.
III. IMPACT OF MODIFICATION OF PREFERENTIAL ARRANGEMENTS THROUGH CURRENT NEGOTIATIONS

8. It was agreed that the matters referred to in paragraphs of the introductory section of this report are covered by the terms of reference of the Sub-Group.

IV. 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. It was also pointed out that Committee III had agreed to consider the proposal for a two-stage reduction of revenue duties and internal taxes on cocoa, tea and coffee in the light of the discussions of this Group.

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, 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.

V. INTERNATIONAL COFFEE AND COCOA NEGOTIATIONS

11. 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 observing the guiding principles embodied in the Ministerial Declaration of 30 November 1961 to the fullest extent possible with the object of reducing in the near future obstacles to exports of less-developed countries.