C. Trade of Developing Countries

1. Advance implementation of the Kennedy Round reductions

The CONTRACTING PARTIES took note of the notifications made by a number of developed countries of tariff concessions made by them in the Kennedy Round on products of interest to developing countries which would be implemented immediately. The CONTRACTING PARTIES urged all developed contracting parties to take the broadest possible action in this connexion, having regard however to the effect of such action on the interests of developing countries at present benefiting from preferences.

2. Tropical products

The CONTRACTING PARTIES agreed to reactivate the Special Group on Tropical Products with the following terms of references:

"to examine problems affecting trade in tropical products, and to report on ways and means of overcoming those problems".

3. Tariff classification

The CONTRACTING PARTIES urged the developed countries to give favourable consideration to requests already made by developing countries for the separate identification in their tariff classification of products of particular export interest to developing countries so as to facilitate the granting of tariff concessions on these products. The CONTRACTING PARTIES agreed to invite developing countries which consider that their export interests might be promoted by a modification of tariff nomenclatures to notify such further possible modifications, after which an inventory will be drawn up for submission to the Council for appropriate action.
4. **Import restrictions**

The CONTRACTING PARTIES agreed to the establishment of panels of experts to examine problems relating to the hard-core restrictions maintained by developed contracting parties on products of particular interest to developing countries with a view to facilitating the early removal of these restrictions.

5. **Expansion of trade among developing countries**

The CONTRACTING PARTIES noted with satisfaction the initiative taken by developing countries to explore the possibilities of an exchange of tariff and trade concessions directed towards the expansion of their mutual trade. They noted that a Committee of developing countries had been set up to establish a basis for such negotiations.

6. **Preferences to be granted by developed countries to developing countries**

The CONTRACTING PARTIES noted that since they first agreed, at their ministerial level meeting in May 1963, to the study of proposals for the granting of preferences by developed countries to developing countries as a whole, considerable progress had been made in the examination of the issues of trade policy involved in the granting of special tariff treatment for exports of developing countries and of the broad principles on which such treatment might be based. They noted that one contracting party had put into effect a system of preferences for developing countries, and that active consultations were being held among a number of interested developed countries with a view to identifying some of the principles and guidelines for the institution of a general scheme of special tariff treatment for developing countries, for discussion at the next UNCTAD. The CONTRACTING PARTIES expressed the hope that these discussions would have a constructive outcome. They recognized that the CONTRACTING PARTIES would be called upon to consider any such general scheme in the light of the provisions of the General Agreement and affirmed their willingness to give sympathetic consideration to any problems arising from the application of special tariff measures in favour of the developing countries.
7. Consultations with developing countries

The CONTRACTING PARTIES agreed that the consultations on the balance of payments and other trade and development problems of developing countries provided for in the General Agreement should give particular attention to the possibilities for alleviating these problems through the support that contracting parties might provide for measures aimed at facilitating an expansion of the export earnings of these countries. In carrying out these activities the CONTRACTING PARTIES should take due account of the work done in the UNCTAD and other international organizations.

8. Problems relating to cotton textiles

The CONTRACTING PARTIES invited the importing countries, participants in the Long-Term Cotton Arrangement, to report to the Cotton Textiles Committee in advance of its next meeting the steps taken by them to facilitate adjustments in their domestic industry aimed at dispensing with reliance on restrictions.

9. Import promotion in developed countries

(Draft proposed by the Delegation of India)

The Trade Centre of GATT should take early steps to explore and assist in the promotion of imports from developing countries into the markets of developed countries as an effort complementary to export promotion of the products of developing countries.

10. Studies in preparation for further action

The CONTRACTING PARTIES agreed that in the analysis of the tariff situation resulting from the Kennedy Round particular attention should be given to the identification of tariff problems of special concern to developing countries, notably, high duties affecting products of export interest to these countries and tariffs which disproportionately protect processed products as compared with primary products.
11. **Loss of preferences**

The CONTRACTING PARTIES agreed that in its analysis of the results of the Kennedy Round for developing countries, the secretariat should examine the loss of trading benefits arising for particular developing countries from the elimination or reduction of preferences enjoyed by them in certain markets. They also instructed the secretariat to examine in the light of this study and in consultation with other organizations concerned how the problem of compensation for loss of preferential benefits might be dealt with.

12. **Studies of new trade opportunities**

The CONTRACTING PARTIES instructed the International Trade Centre to give special attention in its work programme to assisting developing countries to take advantage of the new market opportunities opened up by tariff concessions granted in the Kennedy Round.