

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

SGTP/4

7 June 1968

Limited Distribution

Special Group on Trade in
Tropical Products

Original: English

CONSIDERATION OF SCOPE OF WORK

Proposals Submitted by the Government of the United States¹

1. The Government of the United States makes the following proposal regarding the nature and scope of the work to be undertaken at this time by the reactivated Special Group on Trade in Tropical Products. It is, in brief, that the Group resume the fact-finding task performed by the Sub-Group established in 1962 by the original Special Group. This was to appraise, both with respect to particular products and to particular less-developed countries the various effects of special preferential arrangements and the effects of eliminating these arrangements; to appraise the effects of other barriers to trade and consumption and of their removal; and to examine ways and means for solving problems and attenuating difficulties revealed.
2. The results of the Sub-Group's work, although not unanimously endorsed by the Special Group, were illuminating and gave encouragement to a number of important policy decisions of the period.
3. A new, comprehensive study of this type is needed. The situation has changed from what it was in 1962-63 in several important respects. There has been a reduction in the number and level of tariffs applicable to coffee, cocoa, tea, bananas, and tropical timber and some opportunity to observe the effects of these changes on demand. The chief remaining tariffs which have a significant impact on trade and world market conditions are those maintained in support of special preferential arrangements. There have been changes in the scope and details of such arrangements. There has been a longer period in which to observe the operation of various preferential systems. There has been unanimous acceptance of a policy recommendation which calls for the elimination of special preferences on tropical products concurrent with the application of measures giving equivalent advantages to developing countries affected by loss of preferences.

¹By letter dated 24 May 1968

4. The United States therefore believes it useful to pursue a new series of studies similar to those done earlier. As agreed at the twenty-fourth session (L/2943), the studies should examine the incidence of internal charges and revenue duties on tropical products. They should also deal with the impact of tariff barriers, including those maintained in support of preferential arrangements, and the steps which might facilitate the removal of these barriers to trade.
5. Experience with tea and timber suggests that gradual progress can be made towards duty-free, non-discriminatory trade on selected tropical products, provided interested governments understand what the practical results will be and are satisfied that the move can be safely taken. What is now needed is to determine, in detail, what the move would involve in the case of other products, so that governments may discuss the matter constructively.
6. The Special Group could begin this process of fact-finding promptly, working from revisions of studies used by the Sub-Group in 1963 already being prepared. It should take into account any related work in other organizations with an interest in these questions and, as appropriate, made the results of its studies available to them and otherwise co-operate with them.
7. The United States would propose that the Special Group give priority attention to coffee, cocoa, and bananas and also to tea, since there are still some remaining tariff and tax barriers, although there is no preference problem. It should be noted in this connexion that the FAO Study Group on Bananas at its last session specifically invited GATT, among other agencies, to help it work towards the liberalization and stabilization of the banana trade.