

GENERAL AGREEMENT ON DIVISION LINGUISTIQUE
TARIFFS AND TRADE

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Sub-Committee on the Participation
of the Less-Developed Countries

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PRODUCTS OF SPECIAL INTEREST TO EXPORTS OF
LESS-DEVELOPED COUNTRIES

Communication from Nicaragua

The following communication has been received from the head of the delegation of Nicaragua.

As head of the delegation of the Government of Nicaragua to GATT for the "Kennedy Round" meetings I wish to let you know, for the information of the contracting parties, my Government's concern that during the relevant negotiations the contracting parties should grant substantial reductions in the customs tariffs in respect of instant coffee.

Instant coffee is a product of purely tropical origin and of direct interest to developing countries. We find, however, that it is at a disadvantage in competing with products of industrialized countries, for fiscal reasons. In illustration of this the Government of Nicaragua draws attention to the following facts:

Firstly, when instant coffee was introduced as a new product on the United States market, for import purposes and as a protective measure it was classified as "coffee essence", which is not in accordance with the tariff definition of that country. To correct that mistake, a bill was introduced in the United States Congress, so that the product in question should be classified correctly, namely in the same section as ground coffee, which is at present exempt from import charges.

Secondly, when Germany recently reduced duties on coffee, no account was taken of the need to lower also the customs tariff relating to the manufactured product. Figures showing the effect of this are given in the following paragraph, taken from a letter from the agents for our products in the German market:

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"...As of 1 February of this year, 1964, the import duty for green coffee from Central America has been reduced from DM1.00 per kilo to DM0.34 per kilo. At the same time the import duty for instant coffee has not been reduced. In practice this means that manufacturers of instant coffee in Germany or the Common Market area have since 1 February an additional advantage of DM0.66 per kilo of green coffee. Based on 3.6 kilos of green per kilo of instant, this would mean DM2.376 or \$0.594 per kilo of instant..."

In the third place, a lowering of tariffs for instant coffee merely means giving the producer countries a chance to compete with industrialized countries, particularly when it is considered that the freight charges for instant coffee is greater than that for green coffee.

I request that these considerations be brought to the attention of the contracting parties, so that it may be possible for this product, together with green coffee, not to be included in the list of exceptions from the duty reductions to be granted in the forthcoming negotiations.

It is appropriate to recall that this wish is based on the very principle which gave rise to the GATT plan of action and will serve as a basis for the negotiations of the "Kennedy Round".

On the other hand, it does not imply that Nicaragua considers this matter to be more important than tariff reductions in respect of green coffee; the two measures are complementary.

Finally, my Government desires that these considerations should be examined by the various committees studying such problems within the GATT organization.