RESTRICTED

GENERAL AGREEMENT ON TARIFFS AND TRADE

L/1608
9 November 1961

Limited Distribution

Original: English

MEETING OF MINISTERS - NOVEMBER 1961

Note by the Government of Nigeria

Duty-Free Entry of Tropical Products

At the eighteenth session the CONTRACTING PARTIES decided that individual contracting parties should be invited to suggest specific points for discussion by ministers within the framework of the broad agenda items drawn up for the meeting of ministers. During the meeting of the Council from 25 September to 3 October 1961, the representative of Nigeria stressed the importance attached by the Government of Nigeria, and undoubtedly by the governments of other contracting parties, to the concept of duty-free entry of tropical products. This subject was put forward by Nigeria for discussion by ministers and appears as item C(ii) on the draft agenda for the ministerial meeting (L/1576).

Trade in tropical products such as coffee, cocoa, tea, vegetable seeds and oils and tropical timber is confronted today with an array of barriers imposed by importing countries. Among the most damaging measures standing in the way of an expansion of exports of these items, which are produced almost exclusively by less-developed countries, are high customs tariffs and internal fiscal charges. The fact that these measures are not in conflict with the provisions of the General Agreement does not make these barriers less formidable for less-developed countries since under the present system, based as it is on reciprocity, less-developed countries are expected to grant tariff reductions in exchange for any concessions, which, for developmental and fiscal reasons they can ill afford.

Although every effort is being made by less-developed countries themselves to diversify production and exports and to move away from too great a reliance on a few basic commodities for foreign exchange earnings, the fact remains that many less-developed countries depend, and for a considerable time to come will continue to depend, on basic tropical products to provide the greater part of their foreign exchange earnings. The various studies and reports of Committee III and of other committees and working parties in GATT (for example, the Working Party on the Association of Overseas Territories with the European Economic Community and the Working Party on Commodities) have demonstrated that in most less-developed countries basic tropical products constitute the

main source of national income and as such are often required to finance much of general economic development. It is felt that the removal of tariffs and internal charges on tropical products by importing countries would go a long way towards meeting the foreign exchange requirements of many less-developed countries without causing any disruptive consequences to the economies of the more developed countries.

The accordance of duty-free entry of tropical products is entirely a trade problem and as such one which, as stated in the last report of Committee III, "the CONTRACTING PARTIES are in a position to make a most useful contribution which ... will not only serve to make less-developed countries less dependent on external aid, strengthen their economies and accelerate their development, but will reinforce the prosperity of their trading partners as well". The Government of Nigeria, therefore requests the ministerial meeting to address itself to this most straightforward way of assisting the economic development of less-developed countries.

For a detailed account of the magnitude of the problems created by tariffs and other charges on tropical products, reference should be made to the background commodity studies prepared by the secretariat (COM.III/7 series); the results of the examinations by Committee III (BISD, 9th Supplement, page 126); the subsequent reports of the Committee (BISD, 9th Supplement); the secretariat paper "Barriers to the Expansion of Exports from Less-Developed Countries" (COM.III/W.15); the report of the Working Party on the Association of Overseas Territories with the EEC and commodity studies by the Working Party (L/805, Rev.1 and Addenda); and the report of the Working Party on Commodities (BISD, 8th Supplement).