

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TD/W/310  
26 June 1980

Limited Distribution

Committee on Trade and Development  
Forty-First Session  
10-11 July 1980

## TOKYO ROUND RESULTS WITH RESPECT TO REQUESTS SUBMITTED IN THE TROPICAL PRODUCTS NEGOTIATIONS AND FUTURE WORK<sup>1</sup>

### Note by the Secretariat

1. Tropical products were identified at the March 1980 meeting of the Committee on Trade and Development by delegations of many developing countries as one of the areas which the Committee should tackle on a priority basis in the context of its work programme on trade liberalization. The Chairman, in his summing-up of the discussions on trade liberalization at that meeting of the Committee noted, among other things, that, having regard to the special interest of developing countries in further work on tropical products, the information referred to in paragraph 12 of COM.TD/W/305 would be updated without prejudice to the definition of tropical products, this being among the matters to be examined more closely in the course of the Committee's work. The Chairman further noted that the Committee would come back to the question of trade liberalization at its next meeting, having regard to the documentation available, when it would also have a discussion on the modalities of its work in the light of activities taking place elsewhere in GATT (COM.TD/104, paragraph 27).
2. This document, which is in two parts (COM.TD/W/310 and Add.1), shows the results obtained in the Tokyo Round with respect to requests for concessions or contributions covering tariffs and non-tariff measures submitted in the context of the tropical products negotiations.<sup>2</sup> The tabulations in Annex 3<sup>3</sup> of this document reflect the post-Tokyo Round situation with respect to items subject to requests falling in CCCN Chapters 1-24 consisting basically of tropical zone or temperate zone unprocessed and processed items with some items being produced in both tropical and temperate zones. The tabulations in the Annex<sup>3</sup> of Add.1 provide information on the post-Tokyo Round situation with respect to items subject to requests falling in CCCN Chapters 25-29 and consist in the main of

<sup>1</sup>Based on information available to the secretariat as of 1 May 1980.

<sup>2</sup>For further information relating to responses to concessions requested by developing countries generally, delegations may wish to refer to the Report by the Director-General on the Tokyo Round and the later supplement to that Report.

<sup>3</sup>Two copies of these annexes are being circulated separately to each delegation. Additional copies are obtainable on request.

semi-manufactures, and manufactures, but include certain industrial raw materials of tropical origin and materials manufactured therefrom. Paragraph 21 below contains some suggestions with respect to further work in the area of tropical products.

3. The tabulations show the concessions and contributions fully implemented in the course of 1976 and 1977 following negotiations in the Group "Tropical Products", as well as the concessions and contributions made by the eleven developed participants with respect to requests made in the Group "Tropical Products" in the ensuing negotiations in the context of agriculture, non-tariff measures and tariffs. In addition to m.f.n. concessions, GSP contributions and non-tariff measure actions taken in the Tokyo Round, the tabulations provide information on pre-Tokyo Round m.f.n. and GSP rates and non-tariff measures referred to in the request lists, as well as clarifications given in response to requests on non-tariff measures and available information on the implementation of concessions and contributions. Products for which only limited or no action was taken may also be identified in the tabulations.

4. Delegations concerned are invited to inform the secretariat of any corrections, amendments, etc. to the information provided in the detailed tabulations in Annex 3 of this document and in the Annex of Add.1.

5. For further background on m.f.n. tariff concessions by individual participants, the staging, date of implementation and other relevant points, reference may be made to the Geneva (1979) Protocol and the Supplementary Protocol thereto.

6. In accordance with the approach adopted in the negotiations, the data in this document is provided without prejudice to the definition of tropical products or to the position of any participating country on any matters taken up in the various areas of the negotiations. However, in the context of the identification of tropical products for the purpose of the Committee's further work on trade liberalization, the secretariat has, in Annex 1, listed those items which were taken up for consideration in the pre-Tokyo Round Special Group on Trade in Tropical Products as well as those subject to examination and discussion in the Committee on Trade and Development at the beginning of the Tokyo Round and in MTN Group 3(f). A number of other products were notified during the Tokyo Round to Group 3(f) by certain developing countries but were not taken up for study and examination in that Group, although requests for concessions were subsequently made with respect to some of them. A checklist of such items may be found in MTN/3F/W/19 dated September 1974. It is for consideration whether the indicative list in Annex 1, with such additions or modifications as might be thought desirable by delegations and acceptable to the Committee, would provide a basis for the Committee's work on trade liberalization with respect to tropical products.

### Overall tariff results

7. Under the procedures established by the Group "Tropical Products", tariff requests were submitted with respect to some 4,400 dutiable items<sup>1</sup> of the eleven developed participants.<sup>2</sup> These requests fell about equally within CCCN Chapters 1-24 and Chapters 25-99. The tariff actions that developed countries took in response to the requests submitted included m.f.n. concessions (i.e. binding of most-favoured-nation tariff rates usually at reduced levels) and GSP contributions (e.g. introduction or reduction of preferential duties applicable to developing countries under the GSP).<sup>3</sup> For a number of tariff items both m.f.n. concessions and GSP contributions were granted. Some 2,810 of the 4,400 dutiable tariff items or nearly two thirds of the total were subject to tariff actions. Within the above figure, approximately 940 m.f.n. concessions and GSP contributions were implemented without staging in 1976-1977 as a result of the tropical products negotiations in 1975-1977.

8. M.f.n. concessions granted in the subsequent stages of the negotiations are being implemented as of 1 January 1980 in stages up to a maximum period of eight years or, in some cases, without staging. GSP contributions made during the latter stages of the negotiations have either been already implemented or, when GSP rates are linked to m.f.n. rates, are also being implemented in stages.

9. The summary tables shown as Annex 2 provide an overall picture of the results of the Tokyo Round on the basis of tariff averages and trade coverage with respect to groups of products falling within CCCN Chapters 1-24 and subject to requests in the framework of the tropical products negotiations. Annex 3 contains the detailed listings, with explanatory notes, indicating the post-Tokyo Round situation.

10. A broad appreciation of the non-tariff measure situation with respect to items falling in CCCN Chapters 1-24 as indicated in the detailed listings is described in paragraphs 16-20 below and with respect to CCCN Chapters 25-99 in COM.TD/W/310/Add.1.

---

<sup>1</sup>Requests also covered some 550 tariff items (350 in Chapters 1-24 and 200 in Chapters 25-99) already subject to zero m.f.n. duty, of which some 490 items or about 90 per cent were bound in the Tokyo Round or in previous rounds of GATT negotiations.

<sup>2</sup>Australia, Austria, Canada, EEC, Finland, Japan, New Zealand, Norway, Sweden, Switzerland and the United States. In the course of the MTN, a number of concessions relating to items subject to requests addressed to these countries were also granted by centrally-planned economy country participants.

<sup>3</sup>Other GSP contributions included relaxation of the control of imports under the GSP and extension of the definition of tropical products (e.g. tropical fruit) for the purpose of the GSP.

Chapters 1-24

Tariffs

11. In response to requests submitted on some 2,280 dutiable tariff items falling within CCCN Chapters 1-24, tariff actions were taken on 1,100 items or nearly one half, of which 43 per cent were subject to m.f.n. concessions, 45 per cent were subject to GSP contributions and 12 per cent were subject to both m.f.n. concessions and GSP contributions.<sup>1</sup> It may be noted that about one half of m.f.n. concessions on GSP dutiable items have been accompanied by GSP contributions which in many cases were fully implemented. About one quarter of m.f.n. concessions or non-GSP items were also accompanied by GSP contributions. Concessions for some 160 items reduce m.f.n. rates to zero. About 270 contributions provide for unlimited duty-free entry under the GSP.

12. Nearly one half of non-GSP items and some 70 per cent of GSP items dutiable in one or other of the eleven developed participants and included in the requests lists submitted to them were subject to m.f.n. concessions and/or GSP contributions. With regard to GSP duty-free items subject to requests, over 30 per cent of them were granted m.f.n. concessions often in response to requests made for such tariff treatment. About one quarter of these concessions were with respect to items subject to country or quantitative limitations for the purpose of GSP entry.<sup>2</sup>

---

<sup>1</sup>It should be noted that the level of tariff line detail may vary significantly in the tariff schedules of different developed countries and that the importance of each tariff line or product category in trade terms could thus vary widely.

<sup>2</sup>Table 6 on page 40 of the Supplementary Report of the Director-General on the Tokyo Round provides an indication of the scope of the results relevant to developing country interests with respect to agricultural products as a whole. Industrial countries' imports of agricultural products from GSP beneficiary countries amounted to \$31.0 billion in 1977, of which \$10.7 billion was duty free and \$20.3 billion was dutiable before the Tokyo Round. M.f.n. concessions and GSP contributions were granted for \$12.9 billion\* or some 63 per cent of dutiable imports. \$12.6 billion\* of this figure covers Tokyo Round GSP contributions as well as m.f.n. concessions on pre-Tokyo Round non-GSP items, on GSP items having been subject to country or quantitative GSP limitations and on items in respect of which GSP beneficiaries enjoy a predominant trade share (over 60 per cent) in the market concerned.

\* Figures adjusted to take into account more recent developments.

13. Summary Table 1 in Annex 2 shows imports (1977) of industrial countries from developing countries with respect to agricultural product groups covered by requests.<sup>1</sup> Imports of such dutiable items from GSP beneficiaries amounted to \$13.6 billion. Items subject to m.f.n. concessions and GSP contributions were valued at about two thirds of that figure. The table also shows that the weighted<sup>2</sup> average m.f.n. tariff cuts (based on pre-Tokyo Round duty-free as well as dutiable tariff items) were approximately 14 per cent with respect to these product groups. For the same product groupings, Summary Table 2 provide information on m.f.n. concessions and GSP contributions (tariff averages<sup>2</sup>) with respect to products covered by GSP before or after the Tokyo Round.

14. Summary Table 1 shows that tariff concessions, including GSP contributions, of industrial countries covered 92 per cent of their imports from developing countries with respect to dutiable tropical beverage items (coffee, tea and cocoa in raw and processed forms), 60-69 per cent with respect to spices, vegetable oils, fishery products and miscellaneous animal products, and 52 per cent with respect to plants, flowers, and waxes. Tariff concessions and GSP contributions for vegetables and fruit, tobacco and sugar covered 39 per cent, 12 per cent and 1 per cent of dutiable imports in 1977 respectively. Three product groups, i.e. tropical beverage items, spices and miscellaneous animal products, obtained above average results in terms of the average depth of m.f.n. tariff cuts by industrial countries. While average m.f.n. cuts for these three product groups were 33-39 per cent, those for vegetable oils, plants and flowers, and fishery products were 13-16 per cent and those for vegetables and fruit, sugar and tobacco were 6 per cent or less. Influencing the level of tariff concessions and contributions appeared to be such factors as protection of domestic producing and processing industries, substitutability between certain products, revenue considerations, existing para-tariff measures and special preferential arrangements.

15. As noted earlier, information relating to individual products may be found in the detailed listings in Annex 3 circulated separately.

---

<sup>1</sup>The data in the table do not cover tariff items subject to variable levies in the country or countries concerned. With respect to such items imports accounted for 3.5 per cent of total imports from GSP beneficiaries in 1977.

<sup>2</sup>Weighted by imports of industrial countries from the beneficiaries of their GSP schemes.

Non-tariff measures

16. With respect to CCCN Chapters 1-24 and as may be seen from Annex 3, some 600 tariff lines or items were covered by requests concerning quantitative restrictions and import licensing. In the course of consultations and negotiations between interested delegations and in the submission of offers by developed participants, it was indicated that with respect to some 345 of the 600 items covered by requests, quantitative restrictions no longer applied or did not affect developing countries, or the measures in question (e.g. licensing requirements) had no restrictive effects. With regard to some of these, developed participants provided clarifications on the nature of the measures in operation.

17. Of the remaining 255 quantitative restrictions, some 115 are maintained by two developed participants which had, until recently, invoked GATT Article XIII for balance-of-payments reasons. Information available to the secretariat indicates that as a result of the Tokyo Round, quantitative restrictions were removed for twenty-one items (certain fishery products, plants and cut flowers, fruit preparations, processed oils and tobacco), and import quotas of one country are being increased for oranges, orange juice and grapefruit juice over a period of four years. Requests for the removal of restrictions on some 120 items were not responded to, in particular in the area of fruit and vegetables (processed and unprocessed), which accounted for about 60 per cent of the requests in respect of which no action was taken.

18. Requests relating to State trading (36 items) concerned particularly tobacco and alcoholic beverages. In a number of cases, consultations were held between the delegations concerned together with the relevant State-trading authorities, to clarify matters relating to purchasing procedures and approaches of such authorities.

19. Almost 250 items were subject to requests on internal taxes. More than half (140) consisted of taxes of general application and comprised sales taxes or value-added taxes applied without discrimination and as such were justified by the participants concerned as being consistent with Article III of the General Agreement. About 100 items were subject to requests for the removal of selective taxes applied in particular to such items as coffee, cocoa and tea, processed and unprocessed (47 items), spices (15 items), vegetable oils (11 items) and tobacco (10 items). Responses to some of the requests on selective taxes consisted generally of an undertaking by certain developed participants not to increase such taxes on beverage crops and spices. Variable duties or levies on the sugar content in certain processed fruit were converted by one participant into fixed rates. No other action was taken with respect to some other requests submitted on variable levies.

20. In general, with respect to such matters as health and sanitary regulations, standards, packaging and labelling regulations, customs valuation and licensing procedures, it was noted during the negotiations that problems in these areas could be expected to be dealt with in the context of the multilateral agreements being concluded in the MTN on technical barriers to trade, customs valuation and import licensing procedures.

Further work

21. In the light of the information made available to the Committee, it is suggested that further discussion on tropical products might proceed on the basis of:

- (a) the identification of specific tropical products where the post-Tokyo Round tariff or non-tariff measure situation might continue to represent a barrier to the trade of developing countries in particular markets; and
- (b) an examination in the Committee of the specific trade measures identified and the possibilities for making further progress towards trade liberalization taking into account any factors which might have affected action during the Tokyo Round.

ANNEX 1

Indicative List of Tariff Headings <sup>1/</sup>

\* = tariff headings or chapters taken up in the Committee on Trade and Development in connexion with discussions on tropical products at the beginning of the Tokyo Round and/or subject to examination and discussion in MTN Group 3(f).

+ = tariff headings or chapters taken up in the Special Group on Tropical Products.

- ex 0603\* Cut flowers, tropical
- 0706\* Manioc and other tropical roots
- ex ch. 08\*+ Fruit and nuts, fresh or dried, tropical
- 0901\*+ Coffee, raw or roasted
- 0902\*+ Tea, in bulk or in small containers
- 0904- Spices
- 0910\*+ <sup>2/</sup>
- 1006\* <sup>2/</sup> Rice
- ex 1104\*+ Flour of tropical fruit and nuts; flour and meal of manioc and other tropical roots
- ex 1108\* Manioc starches
- ex 1201\*+ <sup>2/</sup> Oilseeds and oleaginous fruit, tropical
- ex 1207\* Tropical plants used in perfumery, pharmaceuticals or for insecticidal or similar purposes
- 1302\* Lacs and natural gums
- ex ch. 14\* Vegetable plaiting materials and miscellaneous vegetable products, tropical
- ex 1507\*+ <sup>2/</sup> Vegetable oils, tropical
- ex 1516\* Carnauba wax
- ex 1701\* <sup>2/</sup> Cane sugar, raw or refined
- ex 1702\* <sup>2/</sup> Sugar syrup
- ex 1703\* <sup>2/</sup> Molasses from cane sugar
- ex ch. 18\*+ Cocoa beans, paste, butter and powder, etc.
- ex 1904\* Tapioca and sago
- ex ch. 20\* Prepared and preserved tropical vegetables and fruit; tropical fruit juices
- 2102\*+ Coffee and tea extracts etc.
- ex 2304\*+ <sup>2/</sup> Oilcake from tropical oilseeds
- ex 2401\* <sup>2/</sup> Unmanufactured tobacco
- ex 2402\* <sup>2/</sup> Manufactured tobacco
- ex 3301\* + Essential oils, tropical
- ex ch. 40<sup>+</sup> Natural rubber and products thereof
- ex ch. 44\* Tropical timber and products thereof

<sup>1/</sup> Details of tariff lines taken up may be found in the relevant documentation.

<sup>2/</sup> Tropical aspects were examined in Group 3(f). The product groupings as a whole were taken up in Group 3(e) dealing with agricultural products.

ANNEX 2

Summary Table 1

Pre- and Post-MTN (Tokyo Round) m.f.n. Tariff Averages<sup>1</sup> of Industrial Countries<sup>2</sup> and Relevant Import Statistics

Product group	M.f.n. <sup>2</sup> tariff average			Imports from GSP beneficiaries in 1977 (\$ million)				
	Pre-MTN	Post-MTN	% cuts	Total	Duty free	Duti-able	Of which: MTN tariff action <sup>3</sup> (% of dutiable)	
Coffee, tea, cocoa (0901, 0902, 2102, Ch. 18)	4.5	3.0	34	14,217	5,298	8,919	8,180	(92%)
Spices (0904-0910)	7.4	4.5	39	287	123	164	100	(61%)
Vegetables and fruit <sup>4</sup>	12.3	11.5	6	4,255	628	3,627	1,406	(39%)
Unprocessed (Chs. 07, 08)	11.3	10.5	7	3,535	586	2,949	1,176	(40%)
Processed (Ch. 20)	17.2	16.2	6	720	42	678	230	(34%)
Vegetable oilseeds and oils <sup>4</sup>	4.0	3.4	16	2,823	1,251	1,571	998	(64%)
Seeds (1201)	0.3	0.2	33	1,199	1,138	61	17	(28%)
Oils (1507, 1510-12)	6.8	5.7	16	1,624	113	1,511	981	(65%)
Plants, flowers, wax (Ch. 06, 1207, Chs. 13, 14, 1515, 1516)	3.8	3.3	13	620	263	357	187	(52%)
Sugar (Ch. 17) <sup>4</sup>	29.5	28.9	2	1,366	3	1,363	11	(1%)
Tobacco (Ch. 24)	81.5	81.2	0.4	457	49	408	50	(12%)
Unmanufactured (2401)	86.4	86.2	0.3	415	49	366	19	(5%)
Manufactured (2402)	32.6	32.2	2	42	-	42	32	(76%)
Fishery products	6.3	5.4	14	2,877	800	2,077	1,249	(60%)
Unprocessed (Ch. 03)	5.0	4.0	20	2,499	754	1,745	1,135	(65%)
Processed (1504, 1604, 1605)	14.7	14.5	2	378	46	332	114	(34%)
Miscellaneous animal products (0106, 0204, Ch. 05)	2.0	1.3	33	406	301	105	72	(69%)
<b>Total of the above</b>	<b>8.4</b>	<b>7.2</b>	<b>14</b>	<b>27,308</b>	<b>8,716</b>	<b>18,591</b>	<b>12,253</b>	<b>(66%)</b>

<sup>1</sup> Average of all tariff items (i.e. duty-free as well as dutiable items) weighted by imports of such items from GSP beneficiary countries.

<sup>2</sup> Austria, Canada, EEC, Japan, Finland, Norway, Sweden, Switzerland and United States

<sup>3</sup> M.f.n. concessions and GSP contributions

<sup>4</sup> Data for these product groups do not cover tariff items subject to variable levies in the country or countries concerned (see also footnote 1 on page 5).

Summary Table 2

Pre- and Post-MTN (Tokyo Round) m.f.n. and GSP Tariff Averages<sup>1</sup> of Industrial Countries<sup>2</sup> with Respect to Items Covered by GSP Before or After the Tokyo Round

Product group	M.f.n. rate average <sup>1</sup>			GSP rate average <sup>1</sup>		
	Pre-MTN	Post-MTN	% Cuts	Pre-MTN	Post-MTN	% Cuts
Coffee, tea, cocoa (0901, 0902, 2102, Ch. 18)	12.0	10.7	10	6.8	5.6	18
Spices (0904-0910)	13.4	6.5	51	5.6	2.8	50
Vegetables and fruit <sup>3</sup>	15.5	15.0	3	11.9	5.9	51
Unprocessed (Chs. 07, 08)	15.0	14.5	3	12.5	5.5	56
Processed (Ch. 20)	17.6	17.1	3	9.4	7.4	21
Vegetable oilseeds and oils <sup>3</sup>	7.7	7.6	2	5.1	4.8	8
Seeds (1201)	2.1	2.0	3	0.5	0.5	-
Oils (1507, 1510-12)	7.7	7.6	2	5.2	4.8	8
Plants, flowers, wax (Ch. 06, 1207, Chs. 13, 14, 1515, 1516)	9.4	8.8	6	6.4	4.8	24
Sugar (Ch. 17) <sup>3</sup>	16.2	16.2	-	0.0	0.0	-
Tobacco (Ch. 24)	40.7	40.1	1	36.8	32.1	13
Unmanufactured (2401)	2.2	0.4	82	0.1	0.0	-
Manufactured (2402)	55.5	55.5	-	50.9	44.4	13
Fishery products	14.1	13.5	4	7.3	5.8	20
Unprocessed (Ch. 03)	12.3	11.6	6	7.0	4.8	31
Processed (1504, 1604, 1605)	16.4	16.1	2	7.7	7.2	7
Miscellaneous animal products (0106, 0204, Ch. 05)	7.8	5.2	33	0.9	0.1	85

<sup>1</sup> Average of items covered by GSP weighted by imports of such items from GSP beneficiary countries. GSP rate averages should be read with the understanding that certain products are subject to country or quantitative limitations, etc.

<sup>2</sup> Austria, Canada, EEC, Japan, Finland, Norway, Sweden, Switzerland and United States

<sup>3</sup> Data for these product groups do not cover tariff items subject to variable levies in the country or countries concerned (see also footnote 1 on page 5).

Note: It may be noted that the m.f.n. tariff information in Summary Tables 1 and 2 is not comparable because the weighting used in Summary Table 2 (for both m.f.n. and GSP) is linked specifically to items covered by GSP before or after the Tokyo Round.