

ROUND

OF MULTILATERAL TRADE NEGOTIATIONS

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MAJOR OFFER ON TROPICAL PRODUCTS TABLED

A fourth series of negotiating group meetings began in the middle of October. A significant development in the early meetings was the offer of the European Communities to reduce or eliminate tariffs and quantitative restrictions on a broad range of tropical products.

Group of Negotiations on Goods..... 12 October

Participants expressed general satisfaction with the progress of the negotiations so far, but agreed that the momentum must be maintained, not only to ensure timely completion of the initial phase of the negotiations but also because progress in the Round could make an important contribution to the resolution of current economic difficulties. At the same time, it was recognized that the Round is an enterprise in its own right, which must not be disrupted by external events. Many speakers, placing the negotiations in the context of the world economic situation, therefore stressed the importance of respect for the standstill commitment accepted in Punta del Este as a means of withstanding the protectionist pressures arising from slow growth and macro-economic imbalances. Special mention was made of the link between trade and monetary matters in the Punta del Este Declaration, notably in relation to the burden of debt on many developing countries.

The GNG approved the schedule of meetings of Negotiating Groups for the remainder of the year (see annex).

Surveillance Body..... 13 October

The Surveillance Body, set up to oversee the commitments to 'standstill' and 'rollback' in the Ministerial Declaration, examined two new notifications alleging breaches of the standstill.

Japan complained that the 100% tariff increase imposed by the United States in April 1987, on imports of certain Japanese electronic consumer products, was unilateral and discriminating. It pointed out that, although the US had lowered the duties on one product last June, the others were still in force. The US action was related to the Japan-US semi-conductor agreement of September 1986.

Australia notified that the US Secretary of Agriculture announced in July 1987 increased funding for the US Export Enhancement Program (EEP). It described the EEP as an export subsidy programme under which agricultural exporters were paid bonuses to bridge the gap between high prices on the US domestic market and lower prices on world markets. Australia saw in the extra EEP funding a clear intent to escalate and extend the use of export subsidies on agricultural products.

The US representative noted that the US action against Japan had resulted from that country failing to abide by the terms of their bilateral agreement. The United States would remove the measure as soon as the data showed clear evidence of Japan complying with the agreement. A number of delegates noted, however, that the problem stemmed from bilateral agreement whose consistency with GATT was highly suspect. On the Australian complaint, the US explained the need for American farmers to sell in the world market in the face of subsidized competition. It pointed out that the US had submitted a proposal in the Uruguay Round to eliminate all subsidies on agricultural products.

Tropical Products..... 14 October

Many participants welcomed, as a significant advance in the Uruguay Round, the tabling of the European Communities' offer to progressively reduce or eliminate tariffs and quantitative restrictions on a broad range of tropical products, and consumption taxes on tropical beverages. The EC also expressed its intention to take special account of the interests of the least-developed countries. The proposal - the first by a major importer - was conditioned by the following: a fair degree of multilateral burden-sharing, a satisfactory level of reciprocity by the main beneficiaries and the reduction of export restrictions by the dominant suppliers of tropical raw materials. While hailing the EC initiative, many developing countries questioned why certain tropical products were left out. They also sought clarification on certain terms used by the EC in its proposal.

Non-Tariff Measures..... 15 October

Participants welcomed a suggestion made by the Chairman that the data base for quantitative restrictions and other non-tariff measures be enlarged to include all participants in the Uruguay Round. Some urged the updating of data stressed the need to cover the most serious problem areas. Discussion continued on possible approaches to negotiations. To ensure the widest participation and non-discrimination, many emphasized that bilateral negotiations should be held under multilateral scrutiny. Opposing views were expressed regarding the need for an integrated approach which would include tariff issues. While some explained the advantages of such an approach, including its use in dealing with multiple barriers to trade others stressed that the GATT and the Ministerial Declaration treat tariffs and non-tariff measures separately. On the usefulness of a formula approach in the negotiations, some expressed doubts while others considered it might be appropriate for such measures as quotas or customs fees.

MORE

Tariffs..... 16 and 19 October

Two new submissions on how to approach the tariff negotiations were tabled. Both proposed the binding of tariffs on all industrial products. In addition, the first proposal called for a substantial narrowing of the gap between the tariff levels of various contracting parties through the application of a general harmonization formula in the case of high tariffs, a request-and-offer procedure for middle-level tariffs; low tariffs would be dealt with on a case-by-case basis. The second submission proposed using the Tokyo Round harmonization formula as the starting point for further discussion. There was general agreement that comprehensive tariff and trade data by as many participants as possible were essential for the conduct of tariff negotiations.

Textiles and Clothing..... 20 October

It was generally agreed that the work of the Group was proceeding on track, and that available and expected materials would provide a useful data base in moving to the next phase of negotiations. Regarding the concern that the work in the Group was not being given proper prominence, a number of delegations made it clear that textiles and clothing would be a key element in the Round. Some delegations reiterated that the group should be concerned solely with the dismantling of the Multi-fibre Arrangement (MFA) and the integration of the textiles trade into the GATT.

Natural Resource-Based Products..... 21 October

Discussion continued on the proposals introduced at the previous meeting. Among the points considered were the scope and definition of issues to be addressed by the Negotiating Group. Further position statements were presented. A major natural resource producer explained its goals for trade liberalization in this sector. There was also an exchange of views on how best to proceed to the next phase of negotiations.

Note to Editors

1. Press bulletins on the Uruguay Round will be issued regularly and are intended as an indication of the subject areas under discussion rather than as detailed accounts of negotiating positions. Journalists seeking further background information are invited to contact the GATT Information Service.
2. These accounts of negotiating meetings should be read in conjunction with the text of the Punta del Este Ministerial Declaration (GATT/1396 - 25 September 1986) and the decisions taken on 28 January this year regarding the negotiating structure, the negotiating plans and the surveillance of standstill and rollback (GATT/1405 - 5 February 1987). Further copies of these documents are available from the GATT Information Service.

MORE

ANNEX

SCHEDULE OF MEETINGS
12 October - 18 December 1987

<u>Date</u>	<u>Negotiating Group</u>	
Oct 12		
13	Surveillance Body	
14	Tropical Products	
15	Tropical Products (am) /NTMs (pm)	
16	NTMs (am) /Tariffs (pm)	
19	Tariffs	
20	Textiles (am)/ NG 1, 2 or 3 (pm)	
21	NRP	
22	GATT Articles	
23	GATT Articles	
26	Agriculture	
27	Agriculture	
28	TRIPS	
29	Subsidies	
30	Subsidies	TRIMS
Nov 2	TRIMS	
3	Functioning	
4	Functioning	
5	MTN Codes	
6	MTN Codes	
9	Dispute Settlement	
10		
11		
12	Tropical Products	
13	Tropical Products	
16	Tariffs	GATT Articles
17	Tariffs/NTMs	GATT Articles
18	NTMs/NRP	
19	NTMs/NRP	
20	Functioning	
23	Dispute Settlement	TRIPS
24	Safeguards	TRIPS
25	Safeguards	Dispute Settlement
26		TRIMS
27	Safeguards	TRIMS(am)

MORE

Dec	7	Agriculture	MTN Codes
	8	Agriculture	MTN Codes
	9	Subsidies	Surveillance Body
	10	Subsidies (am)/ Textiles (pm)	
	11	Textiles	
	14		
	15		
	16	GNG	
	17	[TNC]	
	18		

END