

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

Special Distribution

Group on Tropical ProductsPROPOSALS FOR NEGOTIATIONS ON TROPICAL PRODUCTSNote by the Secretariat on the Discussion on 24 June 1965

1. The Group met on 24 June 1965 under the Chairmanship of Mr. F. Gundelach, Deputy Director-General, representing the Director-General. The Chairman recalled that the Trade Negotiations Committee, at its meeting on 18 March 1965, had a preliminary discussion on a joint proposal made by the delegations of Denmark, Finland, Norway and Sweden, in which certain procedural suggestions were made for the treatment of tropical products in the context of the trade negotiations (TN.64/40).
2. The Chairman added that since that time consultations had been held with a view to working out a procedure for the negotiations on tropical products, taking into account the principal ideas laid down in the Nordic proposal, and the need to come to a procedure not too much diverging from the one agreed upon for the negotiations on agricultural products in general. The procedure proposed by the Director-General was before the Group in document TN.64/TP/W/1 of 21 June 1965.
3. The Group had a discussion on the proposed procedure. While a number of delegations could accept the proposal without substantive changes, other delegations felt that certain amendments were necessary. No full agreement on a final text could yet be obtained. The amendments suggested, together with the arguments in favour or against the amendments, are recorded below in the order of the paragraphs of the proposal. The text of the proposal, incorporating the various amendments, is appended to this note; amendments on which no agreement was reached appear in square brackets.

Paragraph 1

4. The representative of Nigeria pointed out that the proposal seemed to be confined to matters of access. This appeared to be the case, particularly in paragraphs 1 and 4 of the proposal. The Ministers, in their Conclusions in 1963, already agreed on the importance of questions of price stability and foreign exchange earnings for less-developed countries in the field of tropical products. This was also reflected in the new Part IV of the General Agreement. The idea that something more should be done than the creation of acceptable conditions of access should be expressed in paragraph 1 of the proposal. He suggested that paragraph 1 should describe the objective for tropical products as the improvement of conditions of access, and that wording derived from Article XXXVI be added to this paragraph.

5. The representative of the EEC supported the representative of Nigeria. He was not in favour of modifying the text, but expressed the view that the Nigerian point might possibly be met by adding to paragraph 1 of the proposal the following sentence: "In the case of tropical products, special account should also be taken of the need to improve the export receipts of the developing countries concerned".

6. Other delegations, in particular the United Kingdom and the United States pointed out that paragraph 1 was derived from the Ministerial Resolution of 21 May 1963. It applied to all agricultural products, including tropical products and was the same as agreed upon after difficult negotiations for the negotiations on agricultural products in general (TN.64/39/Rev.1). The wording "acceptable conditions of access" in their view included questions of price. This was accepted and confirmed by proceedings in the Committee on Agriculture where questions of price were being discussed substantively.

7. The representative of Brazil, in supporting the representatives of the United Kingdom and the United States, added that Part IV of the Agreement included also ideas other than questions of price. These ideas were equally important to his delegation. He suggested an amendment to paragraph 2 of the proposal, described below, to meet the EEC and Nigeria.

#### Paragraph 2

8. The representative of Brazil proposed to add in the first line after the words "tropical products" the following words:

"..... which are particularly important for the export earnings of developing countries."

This was agreed without prejudice to the position of Nigeria and the EEC as regards paragraph 1, described above.

#### Paragraph 3

9. The Chairman said that on the request of the Trade Negotiations Committee, the secretariat had prepared an indicative list of tropical products (TN.64/TP/1). It was the understanding that this list would not have a binding effect as regards the definition of tropical products. He recalled that the Committee on Agriculture, under the procedures, was involved in a detailed examination dealing with a great number of agricultural products. For practical reasons, a number of tropical products had been included in this examination in conjunction with products of a similar nature. These products had been clearly identified on the indicative list. He added that the attendance at the meeting of the Committee on Agriculture was open to all participating countries interested in a particular commodity.

10. Several delegations agreed with the indicative character of the list. Some delegations felt that some products were not sufficiently specified or were not included. Mention was made of products like dessicated coconut, tropical fruits, tropical timber, tropical fibres, cotton, jute, etc. Some delegations suggested that the items processed and manufactured from tropical products, such as jute goods, coir goods and vegetable oils, should also be regarded as tropical products and qualify for duty-free treatment. Other delegations noted that products were included, such as rice and sugar, which they did not consider as strictly tropical products; moreover, certain processed products were included which were not importantly traded by tropical countries. Most delegations felt that if there was to be a list, it should be open to any country to make or not to make offers on products included in the list or on any other product which it considered tropical, in line with conditions prevailing in the country concerned. These delegations saw no objection to adding items to the indicative list if this was the desire of others. The representative of Nigeria proposed the following amendment in this regard: "Participating countries are invited to submit, if they so wish, any additional list in this connexion". Certain delegations felt that there would probably be no need to agree on a list. In particular, the representatives of Sweden, United Kingdom and the United States, stated that their Governments, in tabling their offers, would duly take into account tropical products included in the lists submitted by less-developed countries irrespective of whether or not these products figured on an indicative list of tropical products. They would make the best possible offers whether discussions opened in the Committee on Agriculture or in the Group on Tropical Products.

11. The representative of the EEC felt that since there were different procedures for agricultural products and for tropical products, it should be clearly defined which products were covered by the procedures of the Committee on Agriculture and which by the procedures for tropical products. He suggested that paragraph 3 of the proposal be replaced by the following:

"All tropical products which are similar to and competitive with temperate products (cf. list Annex I) shall be subject to the procedures decided upon by the Trade Negotiations Committee for negotiations on agricultural products (document TN.64/39/Rev.1)."

Other delegations felt that the procedures determined for the Committee on Agriculture were clear and that there was no need to list the products which were being dealt with by the Committee on Agriculture.

12. There was full agreement in the Group that nothing in the procedures on tropical products could detract from the obligations undertaken by participating countries in respect of the procedures established for the negotiations on agriculture, as laid down in document TN.64/39/Rev.1. Discussion on some products had already taken place in the Committee on Agriculture and would continue there in accordance with the agreed procedure. It was also noted that in accordance with the agreed procedure, discussions in the Committee on Agriculture were open to interested participating governments. The Chairman clarified that this procedure would not prevent a participating country from raising in the Group on Tropical Products any questions relating to tropical products, which were being dealt with in the Committee on Agriculture.

Paragraph 4

13. The representative of Nigeria, for the reasons given in connexion with paragraph 1 of the proposal (see paragraph 4 above) suggested that sub-paragraph (i) of paragraph 4 should be amended as follows:

"for which products it may take measures to abolish or reduce barriers to trade, or may make concrete and specific offers relating to all relevant elements of agricultural support or protection or to the total effect of these elements and designed to achieve the objectives referred to in paragraph 1".

14. The representative of the EEC expressed the view that paragraph 4 of the proposal was too complicated, too obscure and too much concentrated on questions of trade barriers. A much more general formula was therefore preferable. He suggested that paragraph 4 be replaced by the following:

"As regards other tropical products (cf, list Annex II) concrete and specific offers on individual products likely to ensure the realization of the objectives referred to in paragraph 1, shall be submitted not later than....."

This amendment would also make paragraph 5 of the proposal unnecessary.

15. Various other delegations felt that paragraph 4 of the proposal was not limited in scope. In particular under sub-paragraph (v) any other relevant measures might be taken. If the wording of sub-paragraph (v) was considered too vague the following wording could be added to that sub-paragraph:

".....including, where this is the case, concrete and specific offers relating to all relevant elements of agricultural support or protection or to the total effect of these elements."

Otherwise the paragraph should not be changed.

16. The representative of Indonesia felt that a distinction should be made between tropical products which were entirely produced in less-developed countries and other agricultural products. For the specific tropical products industrialized countries should abolish or reduce barriers to trade. In cases where, on account of reasons of overriding national interest, tropical products were excepted from this general rule, such products should be listed. This list would then be subject to a justification and consultation procedure as provided in paragraph 6 of the proposal.

Paragraphs 5, 6 and 7

17. Apart from the amendment of the EEC referred to in paragraph 14 above, there was no disagreement on paragraphs 5, 6 and 7 of the proposal.

ANNEX

PROPOSALS FOR NEGOTIATIONS ON TROPICAL PRODUCTS

1. The general objectives of the trade negotiations in respect of agricultural tropical products are the creation of acceptable improved conditions of access to world markets for agricultural tropical products in furtherance of a significant development and expansion of world trade in such products. In the case of tropical products, special account should also be taken of the need to improve the export receipts of the developing countries concerned.
2. With a view to achieving these objectives, particularly for tropical products which are particularly important for the export earnings of developing countries/ the Group on Tropical Products shall pursue further the question of trade in tropical products with a view to working out arrangements and procedures for their treatment in the trade negotiations.
3. As requested at the meeting of the Trade Negotiations Committee on 18 March 1965, an indicative list of tropical products or groups of products which are important in the export trade of less-developed countries has been established by the secretariat and circulated to participating countries.<sup>1</sup> Participating countries are invited to submit, if they so wish, any additional lists in this connexion.
3. All tropical products which are similar to and competitive with temperate products (cf. list Annex I) shall be subject to the procedures decided upon by the Trade Negotiations Committee for negotiations on agricultural products (document TN.64/39/Rev.1).
4. Taking this list into account participating countries should decide:
  - (i) for which products it may take measures to abolish or reduce barriers to trade or may make concrete and specific offers relating to all relevant elements of agricultural support or protection or to the total effect of these elements and designed to achieve the objectives referred to in paragraph 1;
  - (ii) from which date and over which period of time this could be done;
  - (iii) the degree of reduction envisaged;

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<sup>1</sup>This list will not, in this or any other negotiation have a binding effect as regards the definition of tropical products. Any country can thus choose also among products or groups of products not included in the list.

- (iv) on the possibility of a binding of free entry or of a notification of existing bindings of free entry;
- (v) other relevant measures they might be able to take in conjunction with, or independently of (i), (ii), (iii) and (iv) above, including, where this is the case, concrete and specific offers relating to all relevant elements of agricultural support or protection or to the total effect of these elements ./

4/5. As regards other tropical products (cf. list Annex II) concrete and specific offers on individual products likely to ensure the realization of the objectives referred to in paragraph 1, shall be submitted not later than ..../

5. The offers referred to in paragraph 4 above will be tabled by 16 September../

6. Negotiations based on the offers referred to in paragraph 4 above should start by multilateral confrontation in the Group on Tropical Products in the course of which participating governments should be prepared to furnish explanations on the contents and the scope of their offers, in relation to the objectives stated in paragraph 1, to the interested participating governments which so request.

7. Thereafter, the negotiations would proceed on the basis of the offers tabled in accordance with paragraph 5 above.