

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## Multilateral Trade Negotiations

### Group "Tropical Products"

## CIRCULATION OF INITIAL OFFERS

### Note by the Secretariat

1. This note is being circulated by the secretariat in order to provide the Group "Tropical Products" with background information in connexion with the consideration of the modalities for the possible circulation of initial offers referred to in paragraph 1(iv) of the Guidelines for Organization of the Negotiations on Tropical Products (MTN/TP/1). In particular, the note summarizes procedures for dealing with offers in earlier GATT rounds of negotiations. It provides greater detail than the more general note already circulated (MTN/W/8).

### Initial GATT negotiating rounds

2. Rules for GATT negotiations up to and including the Dillon Round are all basically the same. The first major round of GATT tariff negotiations was the original session at Geneva in 1947.<sup>1</sup> The tariff negotiations were based on reciprocity and the m.f.n. clause and followed procedures outlined at the London Conference of the Preparatory Committee of the United Nations Conference on Trade and Employment.<sup>2</sup> These procedures provided, inter alia, for (a) selective product-by-product negotiations, (b) a base date for each participant's existing tariff, and (c) the principal supplier rule whereby each participant would be expected to consider the making of tariff offers only to other participants which were, or were likely to be, principal suppliers of the products subject to negotiations. The procedures for the negotiations called for each participant to submit, by a certain date, a request list of concessions to those other participants from whom tariff concessions were being sought. Copies of each list were sent simultaneously to the secretariat for distribution to the other participating governments. At a later date (usually on the first day of the session or conference) each participant submitted an offer list indicating the concessions it was willing to make if all its requests were satisfied.

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<sup>1</sup>EPCT/186 pages 5 et seq.

<sup>2</sup>EPCT/33 pages 48 et seq.

These offers were to indicate the existing and the proposed rate of duty on each item contained in the request lists. Countries became participants in the negotiations when they had submitted their offers.

3. The rules for the circulation of offer lists were the following; each participant was required to give to each negotiating partner a copy of the offers it had made to all other countries with which it was negotiating; and was entitled to receive from each negotiating partner copies of the lists of offers the latter had made. Bargaining would then begin, usually at bilateral meetings, to negotiate on those items of interest to the participants concerned. The negotiations were aimed at achieving reciprocity at the highest possible level. During the negotiations additional offers were therefore sometimes made. Inevitably, initial offers were also sometimes withdrawn. When agreements were reached bilaterally, they were made known to all the other negotiating countries. Since they would be generalized under the most-favoured-nation provision, the country granting the concession then asked other participants to grant concessions equivalent to the value of the "indirect" benefits accruing to them.

4. The second and third tariff rounds were held at Annecy in 1949 and Torquay in 1950 and the procedures applied in those negotiations were basically the same.<sup>1</sup>

5. The rules and procedures for the 1956 Tariff Conference<sup>2</sup> and the 1960-61 Tariff Conference (Dillon Round)<sup>3</sup> differed from those applied in previous negotiations only in that on the first day of the conference each participating government was to submit a consolidated list of the offers it was prepared to make, with an indication for each item, of the country or countries to which the concession was offered. These were circulated to each other government which had submitted its consolidated list of offers. In addition, the Tariff Negotiations Committee was instructed to make arrangements to prevent the disclosure of confidential information.

6. A note on procedures and methods of negotiation for the 1956 Tariff Conference (TN.56/2) provided that the consolidated list of offers should be arranged numerically as in the customs tariff using the following format<sup>4</sup>:

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<sup>1</sup>BISD Volume I pages 104 et seq.

<sup>2</sup>BISD 4th Suppl. pages 79 et seq.

<sup>3</sup>BISD 8th Suppl. pages 114 et seq.

<sup>4</sup>A broadly similar format was agreed upon for the Dillon Round (BISD 8th Suppl. page 120).

Consolidated List of Offers by .....

Tariff item numbers	Description of products	Present rates of duty	Concessions requested	Offers	
				Concessions offered	Countries to which offers are made
I	II	III	IV	V	VI

One of the rules for the negotiations provided that participating governments were free not to grant concessions on particular products, and therefore a government might respond to a request by advising that it was not prepared to offer a concession on that product. The consolidated list of offers, however, were required to contain the details of each request received, even though the response might be "no offer". In other words, a country's list of offers was to include a response to each request received. The form used for the consolidated lists of offers provided for notations in column VI showing the countries to which the offers were made. For this purpose certain abbreviations were established. If, on a given item, no offer was being made, the abbreviation for the country which made the request was also inserted in column VI.

Kennedy Round

7. The GATT Trade Conference 1964/67 (the Kennedy Round)<sup>1</sup> saw, however, a substantial departure from the previous procedures.<sup>2</sup> This round of negotiations was still conducted on a most-favoured-nation basis and on the principle of reciprocity. But the 1963 ministerial meeting further agreed that (a) the negotiations would deal not only with tariffs but also with non-tariff barriers, (b) the tariff negotiations on industrial products among highly developed countries would be based upon a plan of substantial tariff reductions with a bare minimum of exceptions which would be subject to confrontation and justification, (c) in those cases where there were significant disparities in tariff levels, the tariff reductions would be based upon special rules of general and automatic application, and (d) developed countries could not expect to receive reciprocity from the less-developed countries. As in previous negotiations, it was open to each country to request additional trade concessions or to modify its own offers where this was necessary to obtain an overall balance of advantages between it and the other participants.

<sup>1</sup> BISD 12th Suppl. pages 36 et seq. - BISD 13th Suppl. pages 109 et seq.

<sup>2</sup> A detailed examination of the Kennedy Round procedures is contained in section B of MTN/W/8.

8. The offers of countries participating on a linear basis took the form of exceptions lists. The Trade Negotiations Committee agreed that these exceptions lists would be tabled on a certain date and circulated to all governments participating in the negotiations on the basis of the linear offer and to governments which had submitted an offer on the same date in a form, and on terms, agreed by the Committee.<sup>1</sup>

9. The Sub-Committee on the Participation of the Less-Developed Countries drew up a special plan for their participation in the negotiations.<sup>2</sup> The plan provided that developing countries could receive information regarding exceptions made on products of interest to them and take part in an examination of these lists of excepted items when they formally notified their readiness to table a statement of the offers which they would make as a contribution to the objectives of the trade negotiations. Developing countries would become full participants in the negotiations when they presented such statements, which might or might not contain specific offers. It was understood that it was for the developing country presenting the offer to decide for itself, taking into account the objectives of the trade negotiations and the provisions of Part IV of the General Agreement, what offer it could make recognizing that the offers need not be confined to offers of tariff reductions but could take other forms. It was also understood that all offers put forward would be initial offers and that as regards the adequacy and value of the offers made, the discussion of this would be part of the purpose and the substance of the negotiations. The statements containing these offers were made available to other participants.

10. The 1963 ministerial meeting also agreed that the existing Special Groups on Cereals and Meat would be converted into negotiating groups and that a Special Group on Dairy Products would also be established.<sup>3</sup> The work of these Groups was directed towards the negotiation of general arrangements. As regards other agricultural products it was agreed that negotiations should take place on the basis of "concrete and specific offers on individual products relating to all relevant elements of agricultural support or protection or to the total effect of those elements and designed to achieve the objectives laid down by Ministers". These negotiations started by a "multilateral confrontation" in the Committee on

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<sup>1</sup>Special arrangements regarding the tabling of offers were made in respect of Australia, Canada, New Zealand and South Africa (BISD, 13th Suppl. page 112).

<sup>2</sup>The report of the Sub-Committee appears in TN.64/31.

<sup>3</sup>As was "normal practice for multilateral negotiations and consultations", "participation was limited to those countries having a substantial interest in trade in the products under consideration".

Agriculture in the course of which participating governments "furnished explanations on the content and scope of their offers", and then continued bilaterally.

11. The Trade Negotiations Committee established a Group on Tropical Products "to 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". Although the Group did not reach full agreement on procedures for the treatment of tropical products in the negotiations<sup>1</sup> it decided to proceed on the basis of the partial agreement that had been reached, the main point being that "specific and concrete offers were to be made in respect of tropical products ... on the same date as the offers on agricultural products in general". It was also agreed that negotiations based on such offers would start by multilateral confrontation in the Group on Tropical Products, in the course of which the participating governments should be prepared to furnish explanations on the content and scope of their offers. Thereafter, the negotiations would be based on the offers tabled.

12. As instructed by the Trade Negotiations Committee, the secretariat prepared a proposed indicative list of tropical products<sup>2</sup> which was supplemented by additional products suggested by delegations. A number of participants tabled offers with respect to tropical products which were communicated to other participants. However, these offers were not addressed to specific participants. The secretariat circulated summary tables of the offers made on tropical products indicating the countries which had expressed interest in particular items.

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13. It is mentioned in paragraph 1(iv) of the Guidelines for Negotiations on Tropical Products (MTN/TP/1) that at its June 1975 meeting, the Group would review the status of requests and would consider arrangements for the presentation and possible circulation of initial offers. Among the matters which delegations may wish to take up in this respect are the procedures to be used for the tabling of initial offers and the timing of such offers as well as any other factors that may be relevant to the consideration of these matters.

14. In the light of the discussions, a list of points relating to procedures for the presentation and circulation of initial offers within the framework of negotiations on tropical products could be prepared by the secretariat for consideration by the Group.

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<sup>1</sup>TN.64/TP/3.

<sup>2</sup>TN.64/TP/1.