

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Special Distribution

Multilateral Trade Negotiations

Group "Tropical Products"

QUESTIONS COVERED BY SECTIONS 1(v) AND 2(iii) OF THE GUIDELINES FOR ORGANIZATION OF NEGOTIATIONS ON TROPICAL PRODUCTS

Note by the Secretariat

1. In connexion with the programme of work for the next meeting of the Group "Tropical Products" scheduled to commence on 20 October, it is suggested in paragraph (iv)(d) of the Chairman's summing up of the discussions which took place in June 1975 (MTN/TP/3) that the Group would consider questions covered by sections 1(v) and 2(iii) of the Guidelines for Organization of Negotiations on Tropical Products (MTN/TP/1).
2. Section 1(v) of the Guidelines states that questions as to how special and priority treatment may be ensured in the sector of tropical products, which need to be considered on a multilateral basis, would be taken up at the June meeting of the Group "Tropical Products" and at subsequent meetings. While delegations may have particular points to raise in connexion with this matter, it is evident that developments in regard to other points on the agenda dealing with the review of progress in the consultations and points relating to arrangements and a time-table for the possible circulation of initial offers would also be relevant to any discussion of special and priority treatment.
3. Section 2(iii) of the Guidelines states that in taking full account of the relevant provisions of the Tokyo Declaration including the principle of non-reciprocity (section 2(ii)), "Full account would also be taken of the solutions already proposed during the technical and analytical work carried out in Group 3(f)". In the following paragraphs an attempt has been made to summarize the main suggestions made in Group 3(f).¹ It is to be assumed that individual countries, in drawing up their lists of requests, have taken into account the suggestions put forward at these earlier discussions and that countries making offers would do so with knowledge of these suggestions.

¹Reports on the work of Group (f) in 1974 have been circulated as documents MTN/6 and MTN/12.

4. In general terms, a number of delegations have stated that the information provided in the background documentation had enabled them to identify the following problem areas which needed to be taken up in the negotiations on tropical products - the continued maintenance of tariffs on certain unprocessed products; tariff escalation with regard to semi-processed and processed products; special preferences; quantitative restrictions, internal taxes and other non-tariff measures; and price instability.

5. While the lists of products examined in Group 3(f) were not exhaustive, particular reference to tariffs and tariff escalation was made with respect to raw, semi-processed and processed coffee, cocoa, tea, bananas, vegetable oils and oilseeds, pepper and other spices, fruit and vegetables, cut flowers, essential oils as well as a number of other products of interest to developing countries. There were suggestions for solutions on both an n.f.n. and a GSP basis. In most cases, it was suggested that tariffs on the products identified at different stages of processing should be eliminated. In those cases where special preferences were applied, arrangements would need to be found which would safeguard the interests of preferential suppliers as duties were eliminated.

6. As to techniques making it possible to grant tariff concessions on products exported by developing countries it was suggested that separate tariff classification might be appropriate in certain instances (e.g. in the field of fruit and fruit products, cut flowers etc.). Where import ceilings are imposed on certain products (e.g. essential oils) under existing GSP arrangements, these should be eliminated.

7. A number of delegations recalled the Group of Three recommendation in 1971 to the effect that developed countries should consider the possibility as part of concerted action of eliminating (or reducing) import duties on vegetable oils of interest to developing countries either within the context of the GSP or in some other form of concerted action.

8. Some emphasis was placed on the removal of internal taxes, especially selective taxes, on tropical products (e.g. coffee, cocoa, tea, bananas, certain vegetable oils, tobacco etc.). It was suggested that in the event that developed countries were not in a position to remove such taxes they might, as an alternative, consider refunding the proceeds to the exporting developing countries concerned.

9. Reference was also made to various forms of import restrictions. It was suggested, for example, that quotas and seasonal restrictions applied to cut flowers should be eliminated in the trade negotiations at least in respect of imports from developing countries. A number of delegations proposed that during out-of-season production periods in developed countries, imports of cut flowers

from developing countries might be exempt from duties. In referring to the maintenance of quantitative restrictions on banana imports by certain developed countries, some delegations suggested that these restraints be removed or administered in a manner to avoid the possibility of supply shortages arising to meet consumer demand. There would be a need, however, to work out ways of safeguarding the interests of certain preferential suppliers whose interests are sheltered through the use of import restrictions.

10. In the context of processed fruit, attention was drawn to the difficulties experienced in the markets of a group of developed countries where regulations required that a levy be paid on the basis of the sugar content, particularly as the quantum of sugar in mango products and jams and juices varied considerably from consignment to consignment.

11. It was also suggested that efforts should be undertaken in the commercial policy field, which would enable certain natural products (e.g. essential oils) to maintain their share of the trade in the face of synthetic competition.

12. With regard to centrally-planned economy countries, it was noted in particular that consumption of bananas was relatively low and the suggestion was made that consideration would need to be given to ways of increasing access to such markets for this commodity.

13. Some discussion also took place in Group 3(f) on the question of marketing and distribution systems. It was mentioned that in the course of the negotiations, attention might be given to the need for measures for reinforcing the results including the rôle that could be played by co-operation among producing countries for the purpose of improving quality, sustaining the price level, or for joint promotional efforts. There may be areas in these fields where additional support for the attainment of these objectives could be provided by developed countries. Some delegations felt that certain aspects of marketing and distribution systems such as the manufacture and marketing of processed tea and cocoa were more relevant to the negotiations than other aspects.

14. Pricing policies were also subject to some discussion in connexion with the work of Group 3(f). It was stated, inter alia, that it might be necessary to consider how work in other international organizations could fit into the context of the trade negotiations having regard to the Tokyo Declaration. In addition, reference was made to the scheme for the stabilization of export earnings which is a feature of the Lomé Convention and it was suggested that the possibilities of adopting such a mechanism on a global basis might be examined.