

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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Group of Negotiations on Goods (GATT)
Negotiating Group on Natural
Resource-Based Products

NEGOTIATING GROUP ON NATURAL RESOURCE-BASED PRODUCTS

Meeting of 8 June 1990

Note by the Secretariat

1. The Group, chaired by Ambassador Lindsay Duthie (Australia), held its seventeenth meeting on 8 June 1990.

2. The Group adopted the agenda set out in the convening telex No. 2998.

Agenda item (i) - Discussion of issues, submissions and notifications in accordance with paragraph 3 of the procedures for negotiations adopted by the Group on 21 March 1990 (NG3/16).

3. Since the last meeting in May, the secretariat had received two more submissions, from Iceland and Thailand. Document NG3/W/36/Rev.1 indicated countries which had made submissions or notified offers and/or requests made in other negotiating groups.

4. The Chairman invited delegations to make additional comments on the European Community submission which was discussed at the meeting in May on a preliminary basis.

5. Most speakers welcomed the EEC paper and informed the participants that the document submitted by the EEC was carefully studied in their capitals. In the discussion the majority of members of NG3 reconfirmed their position regarding the rôle of NG3 expressed at the previous meetings. According to it, the Group should essentially monitor negotiations regarding natural resource-based products carried out in other negotiating groups. In this respect several participants informed the Group that they were currently engaged in intensive bilateral negotiations which included also natural resource-based products. They expressed their intention to continue to inform the Group on progress in bilateral and multilateral negotiations in the future in order to ensure transparency.

6. Several participants made further comments on the Community proposal and sought clarification on certain points. On the question of product coverage, some delegations considered that the Group should stick to the

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mandate given at Punta del Este. Some other delegations appreciated the EEC readiness to include energy products into the coverage of natural resource-based products. They opposed however the proposal that the issues concerning these products should be negotiated only in NG3 and consequently not be dealt with elsewhere.

7. Views differed on the question of dual pricing and export restrictions and other measures affecting exports of raw materials. Some countries agreed that there was a certain linkage between export measures and tariff escalation in the importing countries. They also considered that dual pricing practices were directly comparable to subsidies and deserved the attention of negotiators. One delegate recalled his country's submissions on this issue. He pointed out that the use of export measures should not distort the comparative advantage of countries in natural resource based-products. Export measures which artificially determined where the processing should take place caused trade distortion and injuries to industries in importing countries should be examined. Most representatives felt, however, that both, export measures and dual-pricing, were of a general nature and should, therefore, be addressed in a generic way. Some delegations considered that recourse to export restrictions and other measures was in conformity with Article XI:2(a) and Article XX(g) and (j). These Articles stipulated general exceptions in the use of export restrictions for reasons such as critical shortages, conservation measures or development purposes.

8. Most members of the Group recalled their statements at previous meetings with respect to measures concerning fisheries. They maintained that negotiations on access to fisheries resources were not in the competence of GATT and should be carried out in relevant international bodies. Nevertheless, some delegations mentioned that negotiation in this area should include trade related measures such as tariff and non-tariff measures applied by importing countries. Two delegations announced their intention to discuss measures on fisheries in the Negotiating Group on Agriculture.

9. The representative of the EEC thanked delegations for the interest they had given to the EEC paper. He noted that the Community was aware that most delegations considered the access to supplies, namely access to fisheries, beyond the competence of GATT. However, the Law of the Sea had not yet come into force. The EEC did not want to infringe on the sovereignty of coastal states. Referring to Article XIII, the representative noted that the allocation of fisheries surpluses should be determined in a transparent and non-discriminatory way. He wondered if the EEC position was fully understood by members of the Group.

10. The representative of the EEC maintained that measures which accompanied double pricing such as export restrictions and taxes should be eliminated. The EEC document referred to the logical linkage between export measures and tariff escalation as the aim - the increase in value added - was similar. It did not mean, however, that there was a symmetry between export measures on the one side and import measures on the other as questioned in the discussion.

11. The EEC was aware that the Negotiating Group on GATT Articles was negotiating refinements and modifications of GATT Articles in a general way. It considered, however, that the frequent recourse to Article XI:2(a) and Article XX(h) and (j) and the application of export measures for security or environmental reasons, had not always been justified and needed to be looked into. With respect to double pricing the EEC was not aiming at normal commercial practices by private companies but practices which were tolerated or condoned by governments and had restrictive effects on trade. The problem of restrictive business practices had been on the negotiating table for many years and no progress in this area had been achieved.

12. The EEC considered that the acceptance of energy and energy products in the coverage in NG3 was a concession on its part. Though it was aware that other delegations might have different views, the EEC preferred to negotiate all energy and energy products including coal in NG3. The EEC countries had taken important measures to restructure their coal industry which involved considerable regional social and economic factors and their efforts in restructuring this industry had continued. Imports of coal to the EEC had been increasing for several years. The measures applied on coal were notified to GATT and the EEC was ready to negotiate on this issue as well as on other energy products on a bilateral or multilateral basis.

13. The EEC further considered that NG3 was given a clear mandate in Punta del Este. It could not agree that the rôle of this Group should be limited to surveillance and monitoring. It recognized a high degree of interdependence with other negotiating groups. The work in this Group, should not, however, be graded lower.

14. The representative of a developing country agreed with the Group's rôle as described by the EEC and pointed out that his country considered the Uruguay Round a global exercise and that for his country a satisfactory result in the negotiations could not be without good results in natural resource-based products.

15. The chairman referred to paragraph 2 of the agreed procedures for negotiations and urged delegations to make responses to the notifications and to the submissions made to the Negotiating Group of Natural Resource-Based Products.

Item (ii): Other Business

16. The next meeting of the Negotiating Group on Natural Resource-Based Products is scheduled for Thursday 19 July 1990.