

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Committee on Trade and Development

DRAFT PROCEEDINGS OF THE 1983 CONSULTATIONS ON TROPICAL PRODUCTS

Prepared by the Secretariat

1. Following upon the Ministerial decision of November 1982 in regard to consultations and appropriate negotiations aimed at further liberalization of trade in tropical products, the Committee on Trade and Development agreed at its March 1983 session that a first round of consultations under the Ministerial decision would be held in 1983, followed by further consultations and appropriate negotiations in 1984. Accordingly, the first round of consultations on tropical products took place on 7-11 November 1983 under the Chairmanship of H.E. Ambassador F.Jaramillo (Colombia), assisted by the secretariat.
2. This note attempts to provide a record of the 1983 consultations including the main points made with respect to different product groups and sub-groups covered by these consultations.
3. According to the arrangements made for the 1983 consultations (Spec.(83)35), plurilateral consultations were held on a product-group-by-product-group basis, with the understanding that the product coverage would not constitute a formal definition of tropical products nor an exhaustive listing. The product groups and sub-groups covered by the consultations are listed in Table 1. During the period of the consultations some bilateral consultations also took place between exporting and importing countries.

TABLE 1

Product groups and background documents
in the 1983 Consultations

Product groups and sub-groups	Background documentation COM.TD/W/
<p>1. <u>Tropical beverage items</u></p> <p>a. Coffee and coffee products</p> <p>b. Cocoa and cocoa products</p> <p>c. Tea and instant tea</p>	<p>328, Add.1-3</p> <p>329/Rev.1</p> <p>330/Rev.1</p>
<p>2. <u>Spices, flowers, plants, etc.</u></p> <p>a. Spices and essential oils, tropical</p> <p>b. Cut flowers, tropical</p> <p>c. Plants, vegetable materials, lacs, etc. and products thereof, tropical</p>	<p>334, Add.1-3</p> <p>335</p> <p>340, Add.1-3</p> <p>344, Add.1</p>
<p>3. <u>Certain oilseeds, vegetable oils and oilcakes</u></p>	<p>337, Add.1-3</p>
<p>4. <u>Tobacco, rice and tropical roots</u></p> <p>a. Tobacco and tobacco products</p> <p>b. Rice</p> <p>c. Manioc and other tropical roots, and products thereof</p>	<p>351, Add.1 and 2</p> <p>353, Add.1</p> <p>349, Add.1</p>
<p>5. <u>Tropical fruits and nuts</u></p> <p>a. Bananas and banana products</p> <p>b. Tropical fruits and nuts and products including fruit juices</p>	<p>331/Rev.1</p> <p>352, Add.1-3</p>
<p>6. <u>Tropical wood and rubber</u></p> <p>a. Tropical wood and wood products</p> <p>b. Natural rubber and rubber products</p>	<p>345, Add.1 and 2</p> <p>339, Add.1 and 2</p>

Background information

4. The background documentation used in the consultations held in 1982 was updated by the secretariat, account being taken of discussions in the 1982 consultations and of information available to the secretariat on recent changes in commercial policy measures, including some progress made in the liberalization of trade in tropical products. The background documents used in the 1983 consultations are listed in Table 1 according to product groups and sub-groups. Further, information provided by some developed contracting parties (Australia, Japan, New Zealand and Norway) on actions taken or under consideration with respect to certain suggestions for improved conditions of access in the 1982 consultations was circulated as document Spec(83)44.

Requests for further trade concessions

5. According to the arrangements made for the 1983 consultations, interested exporting countries were invited to file requests for further trade concessions on products of their interest. A number of developing countries submitted such requests, taking into account specific suggestions for improved conditions of access made by developing country delegations during the 1982 consultations (Spec(83)35, Annex 3). The requests submitted covered tariffs (m.f.n., GSP and duties applied to least-developed countries) and non-tariff measures such as selective internal taxes, import restrictions and phyto-sanitary regulations. Much of the discussions at the 1983 consultations took place on the basis of the request lists submitted, including clarifications of requests and preliminary reactions thereto.

Main points made in the consultations

6. The main points of a general nature made in the consultations are recorded in the following paragraphs. The main points made with regard to respective product groups or sub-groups are recorded in the attachment.

The attachment includes a record of progress made in the liberalization of trade in tropical products since the end of the Tokyo Round.

7. In opening the consultations the Chairman stated that post-MTN GATT work on tropical products had proceeded on a step-by-step basis. In March 1982, informal consultations were held on six groups of products with a view to a more systematic identification and analysis of trade problems and examination of the possibilities for, and ways of, making further progress. Recalling the work done in the consultations held in 1982, in particular specific suggestions made by developing country delegations for improved conditions of access (Spec(83)35, Annex 3), he expressed the hope that the work would proceed a step forward in the 1983 consultations. Stressing the importance of tropical products in their export earnings and their need for increasing the exports of processed products for the economic development of their countries, a number of developing country representatives expressed the hope that the 1983 consultations would be conducive to concrete actions towards further liberalization of trade in tropical products. One of these representatives expressed his country's readiness to engage in appropriate negotiations as provided for in the Ministerial decision.

8. Participants in the 1983 consultations discussed the proposals made at the fifty-first Session of the Committee on Trade and Development that jute and hard fibres (coir, abaca, sisal, etc.) and products thereof, as well as products of certain tropical plants and vegetable materials (e.g. mats, basket-work, wicker-work), be included in the consultations and appropriate negotiations on tropical products to be held in the future. They agreed that jute and hard fibres could be included as a new product group and that the proposed products of tropical plants and vegetable materials be included in the existing product sub-group covering plants, vegetable materials, lacs, etc.

9. It was also agreed that a consolidated list of requests prepared by the secretariat on each product group or sub-group would be made available to delegations consulting on these products. It was agreed that the consolidated lists could be revised at any appropriate time, taking into account any additions or modifications that exporting countries might wish to make to these lists.

10. Representatives of a number of developed countries stated that they had not received the request lists sufficiently in advance for authorities in their capitals to complete an examination them. They indicated that while more time was required for adequate consideration of these requests, they were willing to provide, to the extent possible, preliminary reactions and information, and to take note of the requests and any additional comments that were made. Certain delegations stated that they would be in a position to respond to requests addressed to them at a later time, and indicated their readiness to enter into bilateral consultations with interested parties.

11. Noting that some of the requests addressed to them were for m.f.n. concessions involving tariff bindings, representatives of a number of developed countries stated that such concessions were not normally granted unilaterally but were granted in the context of trade negotiations. In this connection, the representative of the United States stated that the United States Administration did not presently have the authority to negotiate tariff concessions. Noting also that a large majority of requests were for actions under the GSP, a number of developed country representatives expressed their willingness to take into account such requests in the context of their GSP review process.

12. It was generally noted that the first round of consultations under the Ministerial Declaration was useful for identifying specifically and precisely tropical products for which developing countries were seeking

improvements in conditions of access. It was also noted that these requests would provide a useful basis for the second round of consultations and appropriate negotiations as well as for bilateral consultations.

13. It was noted that some progress had been made in the liberalization of trade in tropical products since the end of the Tokyo Round, although there still remained scope for further action. While appreciating the results of the Tokyo Round and some recent progress in the liberalization of trade in tropical products, representatives of exporting countries expressed the hope that developed countries would continue to pursue vigorously the course of action necessary for the liberalization of trade in tropical products in the coming months, taking into account the serious balance-of-payments situation of a number of tropical products exporting countries and their developmental needs. In this connection, it was suggested that interested delegations might wish to engage in informal bilateral consultations between the first round of consultations in 1983 and the second round scheduled for 1984.

14. In the final session of the consultations, some developed country delegations responded to certain suggestions and requests that had not yet been addressed. In addition, a few delegations made some general statements.

15. The representative of Australia stated that the GSP scheme of his country was designed to help developing countries overcome competitive disadvantages, with the understanding that imports under the GSP would not cause or threaten to cause injuries to the domestic industries, and that GSP margins could be modified or withdrawn when imports from GSP beneficiary countries became competitive. He also stated that it was difficult to respond positively to the requests for m.f.n. concessions addressed to his country in the context of these consultations.

16. The representative of New Zealand provided information on his country's general trade liberalization moves which aimed at phasing out import licensing and moving to a tariff based system, in particular for consumer goods. In the first new import licensing year, an additional allocation equal to 5 per cent of the domestic market would be made available via the import licence tendering scheme. This allocation would be in addition to existing licences. In subsequent years additional allocations to the order of 2.5 per cent of the domestic market would be issued. Import licensing would be progressively phased out where tendering premiums and consultations indicated this was possible. A majority of the items already identified by developing countries as being of interest to them would be included in the trade liberalization measures. He added that the new measures would place additional adjustment pressure on his country's industries and this would limit the ability of his government to respond to specific requests addressed to it.

17. The representative of Colombia made some general remarks at the conclusion of the consultations, which were supported by the representatives of some other developing countries. He appealed to developed country delegations to provide more concrete responses to the suggestions and requests made by developing countries at the next round of consultations. Expressing his delegation's concern over the lack of substantial progress at the end of one whole week of consultations, he said that most requests discussed during these consultations had already been made last year. Despite this, as far as products of interest to his country were concerned, no liberalization measures were undertaken; on the contrary, some new barriers had been erected. He observed that statements by developed countries to the effect that for one reason or another they were not in a position to engage in negotiations had led to a lack of progress in the consultations. Referring to the text of the Ministerial

decision on tropical products, the Colombian representative appealed to contracting parties involved in this exercise to ensure that in accordance with that decision, the consultations and appropriate negotiations would be brought to a satisfactory conclusion in the coming year. He emphasized the importance that his authorities attached to this exercise, citing the fact that only four tropical products accounted for 80 per cent of his country's export earnings. Finally, the representative of Colombia stated that the negotiations to be carried out in the coming year should not start from the basis of reciprocity.

Chairman's summing-up

18. The Chairman, in summing-up the discussions in the 1983 consultations on tropical products, stated as follows:

"In the course of these consultations, developing country delegations emphasized the important role which exports of specific products covered by the consultations played in the economic development process of their respective countries, and expressed hope that prompt action could be taken with a view to increasing the access to markets for these products. Some of these countries stressed the importance of greater liberalization in trade in these products in the light of their current balance-of-payments difficulties.

"Specific requests submitted by developing countries in accordance with the procedures adopted by the Committee on Trade and Development, as well as specific suggestions presented in the course of the informal consultations on tropical products in March 1982, were examined. A number of developing countries elaborated further on the tariff and non-tariff measures facing their exports of specific products and the reasons for their inclusion in the request lists. They felt that further liberalization was needed on an m.f.n. or GSP basis, as the case might be. Delegations of some developed countries

indicated that certain requests had been received only shortly before the consultations and that their respective authorities required more time to examine them adequately. A number of developed countries also provided preliminary reactions to certain requests and offered further clarification on the nature of certain trade measures referred to in these requests as well as the reasons for their maintenance.

"Representatives from developed countries gave indications of recent trade liberalization measures including m.f.n. tariff reductions which favoured an increase in imports of specific products covered by the consultations. They drew attention to improvements made in their respective GSP schemes since the last informal consultations in March 1982. They further noted that requests involving m.f.n. concessions are normally handled within the context of formal negotiations.

"With regard to future work under the Ministerial Decision on Trade in Tropical Products, the Chairman recalled that the Ministerial Decision gave the Committee on Trade and Development a mandate to carry out consultations and appropriate negotiations, and that the ultimate objective of the exercise should be to achieve further action in the direction of liberalization of trade in tropical products. The requests made by developing countries were noted and it was agreed that governments to which they were addressed would examine them further. It was understood that delegations could revert to these requests in the further work and that it would be open to developing countries to submit additional requests or modify existing ones.

"Following the first discussion of the requests submitted so far, delegations of developed countries were invited to indicate at the earliest possible date their responses to the requests received. It was agreed that further consultations would be held before Easter 1984

to carry out a second reading of the requests made, to review the responses to them, and to determine how further progress including appropriate negotiations might be made. Delegations were invited, in the meantime, to intensify bilateral contacts so as to facilitate progress and to seek to identify concrete ways and means for achieving the desired objectives laid out by the Ministerial Decision."

Attachment

Record of the 1983 Consultations on Tropical Products
according to product groups or sub-groups

<u>Product groups or sub-groups covered by the consultations</u>	<u>Page</u>
1. Coffee and coffee products	12
2. Cocoa and cocoa products	15
3. Tea and instant tea	18
4. Certain oilseeds, vegetable oils and oilcakes	21
5. Spices and tropical essential oils	29
6. Cut flowers, tropical	32
7. Tropical plants, vegetable materials, lacs, etc. and products thereof	37
8. Bananas and banana products	39
9. Tropical fruits and nuts and products thereof	43
10. Tropical wood and wood products	50
11. Natural rubber and rubber products	57
12. Tobacco and tobacco products	59
13. Rice	64
14. Manioc and other tropical roots, and products thereof	66

Each note is divided into the following sections:

Post-MTN progress

Progress since the Tokyo Round in the liberalization of trade, notified or reported in the context of the 1983 consultations and/or brought to the notice of the secretariat. An asterisk indicates progress made since the informal consultations held in March 1982.

General remarks

General remarks made in the 1983 consultations with respect to the product group or sub-group under consideration.

Preliminary reactions to some specific suggestions or requests

Preliminary reactions to some of the suggestions for improved conditions of access made in the consultations held in 1982 or to the requests for trade contributions or concessions submitted in the context of the 1983 consultations, are indicated after suggestions or requests. See also paragraphs 10-11 in the main text for general remarks made by developed countries.

1. COFFEE AND COFFEE PRODUCTS

Post-MTN progress

- Australia *Roasted coffee: m.f.n. duty reduced from \$0.124/kg. to \$0.07/kg. in 1983.
- Austria Roasted coffee and coffee extracts: duty-free treatment introduced for least-developed countries on 1 January 1982.
- Canada Coffee extracts: GSP rate reduced to zero on 13 November 1981.
- EEC (Denmark) *Roasted coffee: internal tax reduced from DKr5.40 per kg. to DKr5.22 per kg. in 1982.
- Finland Unroasted coffee and *coffee extracts: duty-free treatment introduced for least-developed countries in January 1980 and September 1982, respectively.
- Switzerland Coffee extracts: m.f.n. duty reduced from SwF 2.70/kg. to Sw F 2.60/kg. on 1 May 1981 as a result of tariff renegotiations.

General remarks

1. Representatives of a number of developing countries stated that the removal of remaining duties and selective internal taxes on coffee and coffee products were important for their countries, which were dependent on the export of coffee for a significant part of their export earnings.
2. Some of these representatives stated they had been campaigning for some time in favour of the removal of obstacles to the consumption of coffee, which included selective internal taxes. Noting that Belgium and Luxembourg had introduced new selective internal taxes on coffee in 1981, they said that this action was in their view inconsistent with the

commitments of these countries under Part IV of the General Agreement and the provisions of the International Coffee Agreement concerning obstacles to consumption. These representatives urged the elimination of these taxes by the countries concerned and hoped that the consultations being held on this matter would be fruitful. Noting also that internal taxes of significant incidence were maintained by certain other European countries, these representatives stated that they had requested the reduction or elimination of these taxes considering them as obstacles to an increase in the consumption of coffee. They expressed the hope that at least a standstill on these taxes be strictly observed. It was stated that because of the development of new technologies for processing coffee, coffee exporting countries were facing a danger of contraction in raw coffee consumption.

3. Representatives of some coffee exporting countries stated that according to their experiences and certain studies, new taxes and tax increases had generally been passed on to consumers immediately and that consumers had reacted to changes in retail prices. In their view, selective internal taxes normally affected the consumption of the products selected for taxation.

4. The representative of a least-developed country requested that developed countries give sympathetic consideration to the elimination of all obstacles to trade in coffee from least-developed countries.

Preliminary reactions to some specific suggestions or requests

EEC

- Coffee and coffee products: reduction of tariffs (m.f.n. or GSP).
- ACP countries and least-developed countries were granted duty-free treatment. A complicated negotiation of the Lome III Convention was under way. The EEC was prepared to discuss how to

proceed bilaterally. In due time the EEC would be in a position to discuss the requests addressed to the EEC with a view to satisfying certain elements of the requests.

- Coffee and coffee products: elimination of internal taxes applied by Belgium/Luxembourg, Denmark, Germany, F.R. and Italy.
 - These taxes were maintained for revenue purposes. While coffee was no longer a luxury item, it was not evident whether the removal or reduction of these taxes could have any tangible favourable effects on coffee consumption.

Finland

- Coffee and coffee products: reduction of m.f.n. duties either on an m.f.n. basis or under the GSP.
 - Duty on unroasted coffee from least-developed countries was eliminated in 1980. As a result, the share of these countries in the Finnish imports under the GSP increased from one per cent in 1980 to 20 per cent in 1982. M.f.n. concessions could not be granted unilaterally and had to be negotiated. Per capita coffee consumption being already at its highest level and given the consideration of potential health risk associated with high coffee consumption, further tariff reduction might not have significant impacts on the level of coffee consumption in Finland.

Japan

- Instant coffee: tariff reduction on an m.f.n. basis or under the GSP.
 - Imports from certain developing countries were already competitive.
- Coffee and instant coffee: elimination of an internal tax.
 - A 5 per cent commodity tax was imposed uniformly on coffee and other beverage items such as fruit juice and carbonated soft

drinks, which were considered as non-essential and taxable. A separate treatment for coffee would be difficult.

Switzerland

- Coffee and coffee products: elimination or reduction of tariffs on an m.f.n. basis or under the GSP.
- Similar requests had been received in the Tokyo Round. These duties were maintained for revenue purposes. It was not evident whether the reduction of these fiscal duties could have a favourable influence on coffee consumption in Switzerland where coffee consumption was already at a high level and the demand for coffee was inelastic.

United States

- Instant coffee: binding of zero per cent duty.
- M.f.n. concessions had to be negotiated. For the moment the U.S. Administration did not have the negotiating authority. This request had not been received in the Tokyo Round.

Australia

- Raw and other coffee: duty-free for developing countries.
- A low duty was maintained on raw coffee due to the request to do so by Papua New Guinea. In practice the bulk of imports entered duty-free under by-law.

2. COCOA AND COCOA PRODUCTS

Post-MTN Progress

Japan

*Tokyo Round concession duty on cocoa powder fully implemented as of 1983.

Switzerland

*GSP rate on cocoa powder reduced from Sw F 20 per kg. to Sw F 14 per kg. on 1 January 1983.

General remarks

1. Representatives of a number of producing countries stressed the importance of cocoa to their economies as a major source of export earnings. They outlined the efforts being made to increase production and exports and stressed that these efforts should be matched by more liberal access to the markets of the importing countries. In this regard they appealed for the reduction or elimination of tariffs and non-tariff measures affecting trade, including selective internal taxes. They also stated that in their view internal taxes hampered cocoa consumption, these taxes being directly transferred to the consumer. Representatives of a number of developed countries expressed doubts as to whether the elimination or reduction of internal taxes could have any tangible effects on cocoa consumption.

2. The representative of a producing country referred to the International Cocoa Agreement, which aimed at stabilizing prices and at regulating trade with a view to achieving market predictability and remunerative prices. Pointing at the absence of certain major producing and importing countries from the membership of the Agreement, he appealed for a more comprehensive membership so that the measures under the Agreement might be more effective.

3. The representative of the EEC referred to the generally low level of EEC duties on cocoa and cocoa products and stressed that the fundamental problem in this sector was price instability provoked by disequilibrium in demand and supply. While the EEC was not in a position to respond now to the requests addressed to it, due note would be taken of them and response given to them later.

Preliminary reactions to some specific suggestions or requests

United States

- Cocoa unsweetened, cocoa cake: reduction of m.f.n. tariff.
 - The EEC was the dominant supplier of this item. The US Government had no authority to negotiate m.f.n. concessions for the moment.

Norway

- Cocoa paste and cocoa butter: elimination of selective internal tax.
 - These taxes fell on chocolate and the sugar content of cocoa products and not on cocoa products as such. Their incidence on the sales price of standard-type chocolates was 10-11 per cent. Norway had a high per capita consumption of chocolate products and the taxes were not considered to constitute a barrier to cocoa consumption. The taxes were maintained for fiscal purposes and for controlling the high level of sugar consumption.

Canada

- Cocoa and chocolate preparations in powder form: zero GSP treatment.
 - Imports of the item amounted to \$4.3 million, 75 per cent of which came from United States and the Netherlands. The tariff was needed to protect a rather small domestic industry in this sector.

Japan

- Cocoa paste not defatted: GSP duty-free treatment.
 - Japan had small-scale processing industries which would be adversely affected by the importation of low-priced products.
- Cocoa paste defatted: m.f.n. reduction or zero GSP treatment and elimination of a consumption tax.
- Cocoa powder unsweetened: zero GSP treatment and elimination of a consumption tax.

- These products were by-products in cocoa butter production and reduction of duties on them would affect Japanese chocolate manufacturers. Japan had fully implemented its Tokyo Round tariff concessions on cocoa powder. The consumption tax on cocoa powder was maintained for revenue purposes. There was no consumption tax on cocoa paste. A number of other soft drink items which were considered non-essential and taxable were also subject to the tax. A separate treatment of cocoa powder would be difficult.

Switzerland

- Cocoa paste and cocoa powder unsweetened: zero GSP treatment.
- Switzerland had a highest per capita consumption of cocoa products owing to its own chocolate industry. About 60 per cent of imports were in the form of beans and the remaining 40 per cent were in the form of semi-processed products, mainly from European countries. Cocoa paste enjoyed already zero GSP treatment. GSP rate on cocoa powder had been reduced on 1 January 1983 (see "post-MTN progress" above).

3. TEA AND INSTANT TEA

Post-MTN progress

New Zealand *Duty on tea in retail packs (Tokyo Round binding - 10%) eliminated since the 1982 consultations.

*Under the Import Licence Tendering Scheme, extra licences for tea in retail packs made available.

\$1 million offered for tender in June 1983, and a further \$1 million in November. (Imports of tea in retail packages increased from \$115,540 in 1981/82 to \$459,980 in 1982/83.)

General remarks

1. The representative of a major producing country stressed the importance of tea as a source of export earnings for a number of developing countries. He stated that the real prices of tea had declined by 25 per cent in the last ten years and that the favourable price developments in 1983 had been due more to production shortfalls than to an increase in demand. He appealed for removal of a limited number of tariff and non-tariff measures remaining in certain markets, including selective internal taxes and quantitative restrictions.
2. Referring to the provisions of GATT Part IV, he expressed doubts about the argument that the elimination or reduction of internal taxes on tropical beverage items would not have tangible effects on the consumption of these items. Referring to the diversification of beverage consumption witnessed in a number of markets in recent years, he added that there was room for increased tea consumption in certain European countries and that high internal taxes in some of these countries constituted a serious obstacle to a greater increase in consumption.
3. While expressing appreciation of the structural adjustment measures and trade liberalization measures that Japan had taken for black tea in the past, the representative stated towards the end of consultations on tea that he could not accept the argument that the removal of duties on black tea for developing countries would increase its competition with the green tea production in Japan, and that the two products were not competitive against each other but were rather complementary to each other. Pointing out that Japan imported a lot of blended tea from developed countries, he urged that measures be taken to encourage direct imports from sources.

Preliminary reactions to some specific suggestions or requests

Japan

- Black tea and instant tea: GSP duty-free treatment.
- While Japan's production of black tea had been practically phased out, imports of black tea were considered to affect the consumption of green tea in Japan. While the consumption of black tea was increasing owing to a change in the dietary habits, that of green tea had stagnated in recent years, thus creating a situation of green tea over-production in Japan. However, the possibility of improving the tariff treatment on black tea would be seriously examined.

EEC and Germany, F.R.

- Tea and instant tea: elimination of selective internal taxes.
- There was no conclusive evidence that the existence of these taxes, maintained for revenue purposes, had had a significant negative effect on consumption: tea consumption tended to increase in the countries concerned. It appeared that the basic problems in this area was an imbalance in supply and demand and its effect on prices, as well as marketing problems. Although tea was no longer considered a luxury item, the selective tax had not had any serious incidence on the level of consumption. These taxes were maintained mainly for fiscal purposes and their removal, while not influencing consumption in any meaningful way, might reduce his country's source of development aid. The request would be referred to his authorities.

New Zealand

- Tea in retail packs and tea extracts: tariff elimination and the removal of a quantitative restriction on packed tea.

After the 1982 consultations on tropical products, New Zealand had eliminated its duty on packed tea and had taken certain trade liberalization measures. The quantitative restriction was operated through a system of tendering for import licences, which introduced a competitive element into the import system. The GSP rate on tea extracts provided a competitive advantage to developing country suppliers. The rationale was to maintain the tariff treatment of tea extracts in line with those of other essences.

Switzerland

- Tea extracts: GSP duty-free treatment.
- This treatment was already granted.

Australia

- Instant tea: binding of m.f.n. duty.
- Imports from developing countries were already duty-free under GSP. Local production had commenced since the current tariffs had been established in 1981. It was considered premature to bind the tariffs at this stage.

4. CERTAIN OILSEEDS, VEGETABLE OILS AND OILCAKES

Post-MTN progress

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| <u>Australia</u> | *Castor oil and palm oil: m.f.n. duty-free treatment as of 1983. (previously m.f.n. 2 per cent, GSP 0%) |
| <u>Austria</u> | Dehydrated or blown castor oil (ex 1508) and purified glycerol (1511B): GSP duty-free treatment granted on 1 January 1982. |
| <u>Canada</u> | *Duty-free treatment on imports of certain vegetable oils from least-developed countries as of 1983. |

*Refined coconut oil (item 27731-1) and hydrogenated oils (item 27825-1): GSP duty-free treatment granted in April 1983.

Japan

*Advanced full implementation of Tokyo Round concessions on 1 April 1983 with respect to a number of vegetable oil items, including coconut oil, castor oil, miscellaneous vegetable oils of an acid value not more than 0.6, modified oils, olein, stearin, other acid oils and fatty acids and fatty alcohols.

*A relaxation of import restrictions on groundnuts (an annual import quota of at least 50,000 tonnes in the fiscal years 1983, 1984 and 1985).

New Zealand

*Following the cessation of domestic manufacture, coconut oil had been removed from Schedule 3 of SPARTECA, to allow duty-free unrestricted access from all Forum Island countries. Global licensing was retained to protect refined production in the Forum Island countries (Western Samoa, Fiji, Tonga, Papua New Guinea) and licences would be issued only where these countries could not supply. However, manufacturers needing crude coconut oil would be considered under normal licensing criteria for raw materials. The effect of this was that importers would have the option of buying oil from any source they wished.

Switzerland

*Duty-free treatment granted on imports of certain GSP-covered vegetable oils from least-developed countries in July 1982.

General remarks

1. A number of developed country representatives reiterated that their countries' economies, employment opportunities and foreign exchange earnings were highly dependent on exports of tropical oilseeds and vegetable oils.
2. While acknowledging that certain tariffs applicable to vegetable oils and oilseeds had been reduced recently in the framework of the MTN and the GSP, representatives of some exporting developing countries stated that in their view the conditions permitting greater competition in this sector could still be improved. These representatives said that tariff rates on certain tropical vegetable oils were still at significant levels and in some developed countries there continued to be a serious problem of tariff escalation affecting crude and refined oils and oils in small containers. Another problem related to the import treatment of oils for human consumption which attracted higher rates of duty than those applicable to oils for industrial use. In some importing countries various kinds of oils were subject to strict health and sanitary requirements or import levies, which had the effect of discouraging the import of tropical vegetable oils. Some representatives expressed concern over a proposal to introduce a new consumption tax on oils and fats other than butter in an important group of importing countries.
3. Representatives of some importing countries noted that vegetable oils and oilseeds were a very important and rather complex sector of international trade. In this sector the problem of product substitution with certain animal fats and oils which they had traditionally produced, could not be ignored. They also noted that in recent years developing countries had pursued policies aimed at increasing their production and exports. Trends in foreign trade indicated that exports of oilseeds were being replaced by vegetable oil exports. The existing degree of tariff

escalation, in their view, should not be considered as a significant obstacle to trade in vegetable oils. Noting that there was no agreed definition of tropical products, representatives of some developed countries stated that they considered products exclusively produced in the tropical areas as being tropical products and that tropical vegetable oils were substitutable to oils and fats produced in their countries.

4. In response to comments made by some importing countries, some exporting countries said that they had requested m.f.n. tariff concessions for products already covered by the GSP because of their position as main suppliers of those products and uncertainty as to the duration of the GSP schemes.

5. The spokesman for the Association of South-East Asian Nations (ASEAN) recalled that the member States which were producers of palm oil, castor oil, coconut oil and other oils attached great importance to the conditions of market access for these products. Having expanded their domestic processing facilities as part of their development programmes, the ASEAN countries believed it would be timely for importing countries to undertake a further process of trade liberalization aimed particularly at reducing the tariff escalation which affected such processed products as crude and refined oils. The possible introduction of a consumption tax or levy on vegetable oils by the European Communities was viewed with apprehension by ASEAN and other exporting countries.

6. The representative of the European Communities noted the liberal treatment accorded to oilseeds and vegetable oils in the Communities' market where there were no quantitative restrictions or import levies. Efforts had been made to reduce tariff escalation in this sector gradually. Over the recent period, the Communities' imports of vegetable oils had been increasing significantly. For the time being the EEC did not apply internal taxes to these products. However, the Commission had proposed the

establishment of a tax with the aim of equalizing the competitiveness of certain domestic products such as butter fats with other oils and fats. If adopted, it was expected that the tax would not affect the level of imports into the EEC. The outcome of the proposal could not be anticipated at this time. He also noted that some exporting countries had attempted to promote the export of refined tropical vegetable oils through the adoption of certain measures which in his view were not in conformity with the provisions of the General Agreement. This situation was affecting adversely the interests of the crushing industry of the EEC.

7. Some exporting countries stressed that the application of measures aimed at increasing the value-added of their exports was part and parcel of industrialization policies which were entirely compatible with the provisions of the General Agreement. For developing countries to emerge from the conditions of exporters of raw materials only, the domestic processing of their natural resources and raw materials had to be encouraged and better conditions of access for the resulting processed products ought to be provided by their developed trading partners.

Preliminary reactions to some specific suggestions or requests

Canada

- Crude palm oil and coconut oil: m.f.n. duty-free treatment.
 - These products were already duty-free under the GSP.
- Refined palm oil: GSP 5 per cent.
 - This request would be examined further. As a major producer of edible oils, Canada had a domestic industry which needed some protection.

EEC

- Castor oil, palm oil, coconut oil, certain other oils, dehydrated oils and stearic acid: GSP duty-free or m.f.n. concessions, reduction of

differential tariff treatment between oils for industrial use and edible oils, and no action on the proposed consumption tax.

- The import policies of the EEC were fairly liberal and the tariff rates applied were not an obstacle to imports. Thus, imports of vegetable oils had been increasing significantly. While the crushing and manufacturing industry of the EEC needed some protection, efforts had been made to reduce tariff escalation in this sector gradually.
(see also general remarks)

Finland

- Palm oil: m.f.n. tariff concessions and removal of quantitative restrictions.
- Coconut oil unfit for human consumption: m.f.n. duty-free treatment.
- Tropical products were subject to import restrictions only if there was a substitution effect with domestic products.
Vegetable oils and fats had a substitution effect in relation to domestic fats. Thus, it would not be easy to consider further liberalization. Finland normally accorded bindings as a result of trade negotiations in the GATT and not on a unilateral basis. If certain conditions in the Finnish Tariff were met, the duty rate applicable to tariff item 1507 for technical use was 5 per cent and edible oils were duty-free.
- Groundnuts: m.f.n. binding, GSP inclusion, elimination of quantitative restrictions on groundnuts for industrial or technical uses.
- Under certain conditions imports of groundnuts for industrial uses were exempted from duty. The elimination of quantitative restrictions was difficult due to indirect substitution effects on domestic production of fats.

Japan

- Coconut oil and castor oil: GSP duty-free or m.f.n. concessions.
- Palm oil: m.f.n. tariff reductions and binding.
- Other fixed vegetable oils: GSP improvement.
- Japan's oilseeds crushing industry required protection and the Government also had to take into account the interests of oilseeds exporting countries such as Papua New Guinea, other South Pacific island countries and China. In spite of these problems Japan had implemented the final concession rates resulting from the Tokoyo Round for coconut oil, castor oil and certain other vegetable oils as of 1 April 1983. Further, the GSP rate on palm oil would be reduced from 4 per cent to 3 per cent on 1 April 1984, subject to parliamentary approval. There were no quota or other import restrictions in Japan on oilseeds (including copra) and vegetable oils.

Norway

- Coconut oil: m.f.n. duty-free.
- Most vegetable oils could be imported duty-free. Products still subject to duties were considered substitutable to domestically produced agricultural products. Further concessions on a unilateral basis could not be expected in this area.

Sweden

- Groundnut in the shell, groundnut oil, crude and other fluid vegetable oils: m.f.n. binding and elimination of import levy.
- M.f.n. bindings could only be considered in the context of trade negotiations. In the review of the GSP system Sweden would take into account the requests submitted by exporting countries. However, it might be noted that the products attracting import

levies were subject to the natural fats regulation and in the light of Sweden's agricultural policies there was not much room for further trade liberalization in this sector.

Switzerland

- Other oilseeds and oilcakes: m.f.n. binding and elimination of import levy.
- Other edible fixed vegetable oils, crude: GSP duty-free or m.f.n. reduction.
- Stearin: GSP duty-free.
- The requesting country was not the main supplier of these products. For most of these products the main suppliers were developed countries. Import levies which were called price supplements were one of the main instruments of Switzerland's agricultural policy with respect to oils and fats in order to maintain a certain balance in market shares between animal fats such as butter and vegetable oils. The tax on fodder imports was aimed at restraining its imports in order to prevent industrial scale meat production.

United States

- Peanuts, not shelled and shelled: m.f.n. tariff reductions.
 - This was a product with extreme domestic sensitivity. The US Administration lacked negotiating authority to reduce m.f.n. tariff rates.
- Peanut oil: duty-free treatment under the GSP.
 - A similar request submitted earlier by Senegal had been denied because of domestic sensitivity reasons. However, interested countries might submit their requests at the time of the next GSP review.

- Hydrogenated or hardened oils: duty-free treatment under the GSP.
 - The United States was willing to consider this request. The requesting countries (Brazil and India) might submit their requests under the US domestic procedures for the GSP review.
- Copra: binding of duty-free m.f.n. rate.
 - In 1982 the main supplier had been the Philippines. At this time the US Administration lacked tariff negotiating authority.

5. SPICES AND TROPICAL ESSENTIAL OILS

Post-MTN progress

- Austria GSP rates on crushed nutmegs reduced in July 1981, and special duties applicable to least-developed countries introduced in January 1982.
- EEC GSP rates on unground and ground Piper pepper, ground Capsicum and Pimenta, unground and ground cinnamon, cloves, nutmegs and miscellaneous spices reduced in 1981 and 1982 (cf.COM.TD/W/334/Add.1).
- United States Duty on ground cinnamon eliminated in 1980.
- Japan *The accelerated implementation of Tokyo Round concessions on some spice items.
- New Zealand Extra licences for unground spices in retail packs made available under the Import Licence Tendering Scheme to a total value of NZ\$30,000 in 1981/82. *NZ\$30,000 offered for tender in June 1983, and a similar amount offered in November 1983.

General remarks

1. A number of developing country representatives expressed appreciation for action already taken and noted that most products were entitled to zero duty on an m.f.n. basis or under the GSP. However, there remained some

tariff barriers, in particular on processed spices. Some of the duties applied by Austria were particularly high. Efforts to increase the exports of spices in processed and unprocessed forms were part of an overall attempt to avoid continued reliance on the exports of a limited range of products, to increase export earnings and to further economic development.

2. The representative of Egypt said that he would submit requests for concessions on caraway seeds, anise seeds, cummin seeds, coriander seeds, fennel seeds and certain essential oils.

Preliminary reactions to some specific suggestions or requests

New Zealand

- Elimination of tariff escalation and quantitative restrictions on ground spices and spices in retail packages.
- The New Zealand spice packing industry was small and needed some protection. A packing industry study had been conducted in 1981 and two years of testing for packaged spices was under way to determine whether import licensing was needed. The additional licenses granted represented considerable liberalization.
- Curry powder: GSP zero per cent and elimination of import restrictions.
- The position on the import duty on curry powder was under review and the results of the review would be available shortly.

EEC

- Various spices, unground or ground: GSP duty-free treatment.
- Spices generally enjoyed low tariff protection in the EEC market. Recently efforts had been made to lower or eliminate duties under the GSP (cf. COM.TD/W/354/Add.1). There was a need for the EEC to protect its domestic processing industries.

United States

- Lemon oil: inclusion in GSP.
 - This request had already been considered in response to a similar request from the Andean Group. The request had been denied on grounds of domestic sensitivity.
- Ground cloves and clove stems: zero per cent for least-developed countries.
 - The U.S. had never received a request on the item for inclusion in the GSP. Developing countries were welcome to present this request under the annual review procedures of the U.S. GSP scheme.

Austria

- Elimination or reduction of duties under the GSP or on an m.f.n. basis.
 - Some of the requests had been submitted by developing countries which were not principal suppliers of the item. Any tariff reductions in response to such requests would benefit primarily non-requesting countries. The Austrian market for spices was small. Consumption was largely dependent on consumer taste rather than price. Tariff reductions might not result in a significant increase in imports.

Japan

- Curry: GSP duty-free treatment.
 - The Tokyo Round concession rate of 12 per cent had been fully implemented. There was a need to protect the domestic processing industry.
- Curcuma: elimination of phyto-sanitary permit and inclusion in GSP.
 - Once it had been established that the product was pest-free and carried no infestation, the product would be freely admitted. The m.f.n. rate of duty on this item was already zero.

Australia

- Technological assistance from all developed countries and the promotion of consumption in selected markets so as to increase imports.
- The Australia Market Advisory Service was currently preparing a report on the Australian import market for spices. This report would be distributed to developing country diplomatic missions in Australia and, on request, to the official trade promotion authorities of developing countries.
- Dried ginger: GSP duty-free treatment.
- Developing countries were already principal or significant suppliers of dried ginger even without preferential treatment.

6. CUT FLOWERS, TROPICAL

Post-MTN progress

- Austria Cut flowers, otherwise prepared: duty-free treatment for least-developed countries introduced in January 1982.
- Canada *Natural cut orchids and cut flowers, not natural: GSP rate reduced from 10-12.5 per cent to zero in April 1983.
- EEC Dried cut flowers: included in GSP at the rate of 7 per cent in January 1982. Other processed cut flowers: GSP rate of 17 per cent introduced in January 1982 and *reduced to 16 per cent in January 1983.
- Finland Fresh cut flowers (other than gladioli, carnations and roses) imported from 1 December to 19 February: m.f.n. rate reduced from 50 per cent or minimum of Fmk 45.99/kg. to 25 per cent or a minimum of Fmk 38.25/kg.

General remarks

1. Representatives of some developing countries stressed the importance of exports of cut flowers within the context of their efforts to diversify their exports, in particular those of agricultural products. In this regard, some of these representatives expressed concern over the increasingly restrictive moves on cut flowers and the decline in the value of their exports of cut flowers to certain markets.
2. The representative of one developing country, referring to the burden of high transportation costs of his country's exports of fresh cut flowers to the European market and to the preferential arrangements of the EEC with some Mediterranean countries, urged that the differentials in tariff treatment applied to GSP beneficiary countries, on the one hand, and to preferential countries, on the other, be reduced.
3. The representative of one developing country stated that the application of phyto-sanitary control to cut flowers was stricter in certain markets than in others, and requested a greater flexibility in the operation of such control.
4. A number of developing countries expressed concern over the introduction of a new bill in the U.S. Congress which aimed at increasing customs duties on some cut flowers from 8 per cent to 24 per cent. This concern was noted by the representative of the United States. The application of countervailing duties by the United States on some cut flowers was also mentioned as a source of concern.

Preliminary reactions to some specific suggestions or requests

Finland

- Other fresh cut flowers (October-May): zero GSP rate for standard type carnations and elimination or relaxation of quantitative restrictions.
- Fresh gladiolas (1 April-31 October): inclusion in GSP and elimination of licensing and seasonal restrictions.

- Carnations and cut flowers: inclusion in GSP.
 - The substitution of domestic production by higher imports of flower posed considerable difficulties for Finland.
Nevertheless, efforts had been made to relax import restrictions during periods when the substitution effect was expected to be the lowest.

Canada

- Flowers and foliage, natural, cut: GSP treatment and duty assessment on the basis of f.o.b. value instead of U.S. wholesale value.
 - Canada would not be able to grant concession on roses, carnations and chrysanthemums, because of domestic interests. Existing rates did not constitute impediments to imports as seen by the large share of the exports of request-making countries in total Canadian imports. Requests regarding cut flowers other than roses, carnations and chrysanthemums were being examined. Canada would join the GATT Code on Customs Valuation by 1 January 1985 and would use the normal customs value, i.e. transaction value, when the Code becomes operational for Canada.

United States

- Roses: m.f.n. tariff reduction from 8 per cent to 4 per cent and/or inclusion in GSP.
 - The GSP inclusion had been examined in the 1979 GSP annual product review on the request of some interested parties and had been rejected because of domestic sensitivity. For the moment the United States administration lacked the authority to negotiate m.f.n. concessions.
- Other fresh cut flowers: m.f.n. tariff reduction from 8 per cent to 4 per cent and the subdivision of the tariff item into four headings.

- The item had been added to the GSP scheme in 1978, but Colombia was excluded from the GSP application under the competitive need limitations. The subdivision of the tariff item might complicate the application of the Harmonized System.

Japan

- Cut flowers: relaxation of phyto-sanitary regulations.
- Cut flowers were importable plants under the Plant Protection Law. However, imports had to be disinfected if harmful pests or insects were found. The Japanese system in this regard was similar to that of other importing countries and so long as no pests or insects were found there should be no problem with the exports of cut flowers to Japan.

Norway

- Cut flowers for bouquets, dried, dyed or bleached: GSP treatment at 0 per cent.
- Fresh cut flowers, other: inclusion of standard type of carnations in the GSP.
- Orchids and anemones: inclusion in GSP.
- Cut flowers for bouquets: inclusion in GSP and elimination of global quota, licensing and season restrictions.
- Norway's seasonal quantitative restrictions were limited to some varieties of flowers, as indicated in COM.TD/W/340/Add.2, paragraph 9. In the restricted periods, Norway applied global quotas which were divided among importers. The quotas were determined according to the internal market situation. Norway's Tokyo Round concession on cut flowers had been implemented fully in July 1980. The inter-governmental committee established in January 1983 for the purpose of increasing agricultural imports

from developing countries, was considering the accordence of GSP treatment to cut flowers: the deliberations might lead to some positive results in this area.

Sweden

- Non-fresh cut flowers: m.f.n. binding.
 - It would be more appropriate to deal with this request through normal trade negotiations as the binding of MFN rates could not be a unilateral concession.
- Fresh cut flowers: improvement in GSP treatment and extension of seasonal treatment.
 - Sweden was in the process of examining its GSP scheme and the review would be terminated in 1985. The requests concerning inclusion in GSP and the extension of the season during which lower duties were applied would be considered by the Swedish authorities during this review. However, cultivation of cut flowers, especially in some regions in Sweden, was an important source of employment. Considering the difficulties faced in this sector and the fact that the present duties had been adopted as late as 1980, the possibilities for more substantial import liberalization might be rather limited.

EEC

- Non-fresh cut flowers: reduction of GSP rate to 8 per cent.
- Fresh cut flowers: reduction of m.f.n. duty or inclusion of standard or American type carnations in the GSP at a reduced rate.
- Fresh orchids: reduction of GSP rate/inclusion of imports in November-May in the GSP.
- Roses: duty-free treatment under GSP.
 - The EEC market for cut flowers was in a delicate situation as result of the recent economic crisis. Nevertheless, no

quantitative or other restrictions were applied to imports of cut flowers; duties were the only measure in use. These duties did not pose insurmountable difficulties in the access to the EEC market as the EEC had absorbed more than 40 per cent of world cut flower exports. Efforts had been made to improve GSP treatment for these products, e.g. for dried cut flowers and other processed cut flowers. Fresh orchids imported throughout the year were already included in the GSP.

7. TROPICAL PLANTS, VEGETABLE MATERIALS, LACS, ETC.

AND PRODUCTS THEREOF

Post MTN progress

Australia

*Tariff reductions in 1983.

		<u>1981</u> <u>rate</u>	<u>1983</u> <u>rate</u>
1207.910	Other plants used in perfumery, pharmacy, etc. put up for retail sale	7.5%	5%
4602.200	Goods of wicker, bamboo or cane, n.e.s.	17% No GSP	2% GSP: 0%
4603	Basketwork, wickerwork and other articles of plaiting materials	0-34% GSP 0-10%	2% 0%

General remarks

The representative of a developing country noted that agreement had been reached in the consultations that certain products of tropical plants and vegetable materials be included in the future work of GATT on tropical products.

Preliminary reactions to some specific suggestions or requests

Japan

- Articles of buri, rattan and bamboo: elimination of commodity taxes.
 - The taxes were equally applied to imports and domestic products.
- At present Japan was not in a position to react favourably to the request.

- Rattan furniture: zero m.f.n. rate and the removal of GSP ceilings.
 - Japan had to protect small-scale producers, who were vulnerable to competition from developing countries.
- Seedlac: m.f.n. duty-free treatment.
 - Seedlac already enjoyed zero GSP rate.
- Shellac and other refined lacs: GSP duty-free treatment
 - Imports of this item were expected to be stable as they had been hitherto. Japan had a small-scale domestic processing industry to protect.
- 1207 barbasco, 1405 anatta powder and tara: elimination of phyto-sanitary permit and GSP duty-free treatment.
 - If the products were free from insects or pests they were freely importable. Requests by Peru required clarification as to the tariff classification and usage of the products.

United States

- Articles of bamboo, rattan, palm leaf, nito, pandan and buri: m.f.n. duty free treatment.
 - For the moment the United States lacked the authority to negotiate m.f.n. concessions. TSUS 222.40, 222.42, 222.44, 222.60, 222.64, 706.19, 706.33 and 727.11 already enjoyed GSP duty-free treatment, and the Philippines already supplied a substantial portion of the trade in these items. Item 313.35 was not included in the GSP and the United States took note of the interest in a concession. The Philippines had exceeded the competitive need limit with regard to item 336.84. Though item 706.15 had never been the subject of a petition before the GSP product review process, the Philippines was alerted to domestic sensitivity that existed in regard to this item. In recognition of the absence of any domestic production of products falling within item 727.13, the 50 per cent competitive need limit action had been waived.

EEC

- Articles of buri, rattan and bamboo (ex 4603 and ex 9403): m.f.n. duty-free treatment or removal of GSP ceiling.
 - The items on which the Philippines had made requests already enjoyed a GSP zero rate. The question of removal of country ceilings would have to be left to the Civil Service Commission which handled such requests.

New Zealand

- Certain basket work, wickerwork (4603): m.f.n. duty-free treatment and removal of import licensing.
- Furniture of wicker, bamboo or cane: GSP duty-free treatment and removal of import licensing.
 - The requests made by the Philippines would be given consideration and a response would soon be available.

Canada

- Handbags of sisal, palm straw or cane straw (62305-1): GSP duty-free treatment.
 - The request by India would be examined.

Australia

- Furniture of wicker, bamboo or cane (9401 and 9403): m.f.n. 15 per cent and GSP 0 per cent without tariff quota.
 - It had been found that imports from developing countries were causing injury to certain Australian furniture industry. As an alternative for a complete withdrawal of GSP, tariff quotas had been introduced under GSP. These quotas were reviewed annually to examine possibilities of increasing the levels.

8. BANANAS AND BANANA PRODUCTS

Post-MTN progress

Australia

*M.f.n. duty-free treatment on fresh bananas and banana flour (previously m.f.n. 2 per cent, GSP 0 per cent).

Canada

*Reduction of m.f.n. duty on banana flour from 10 per cent to zero, unbound.

EEC

Dried bananas - reduction of GSP rate from 10 per cent to 6 per cent in 1981 and further to 2 per cent in 1982.

Banana flour, undenatured - reduction of GSP rate from 6 percent to 2 per cent in 1982.

Japan

*Accelerated implementation of the m.f.n. concession on dried bananas in April 1983.

*GSP rate reduction in April 1982 for fresh bananas imported in April-September from 35 per cent to 25 per cent and for fresh bananas imported in October-March from 45 per cent to 40 per cent.

General remarks

1. The representative of a developing country stated that there was still scope for further reduction and elimination of trade barriers in a number of markets for bananas. This applied to both fresh and processed bananas, despite the fact that fresh bananas accounted for the largest share of trade in this product. He noted that there was a relation between the recovery of banana imports and the reduction in tariff treatment on this product in one developed country in recent years, and that this illustrated why developing countries attached importance to improved conditions of market access. This representative expressed appreciation for the GSP rate reductions announced by Japan, which were expected to be put into effect in April 1984, subject to parliamentary approval (see preliminary reactions to some specific suggestions and requests below).

2. The representative of Hungary noted that a suggestion had been made by several developing countries in the 1982 consultations that her country develop measures to increase imports and consumption of bananas. Referring to paragraph 12 of COM.TD/W/331/Rev.1, she stated that Hungary did not

maintain detailed and obligatory foreign trade plans specifying products, enterprises or countries of origin in regard to imports. Importers responded to price levels and the exchange rate in decisions about imports. In the case of bananas, these were GSP duty-free and subject to no quantitative limitations. In view of the pattern of demand, Hungary's own fruit production and storage and ripening capacity within the country, it was unclear what else her authorities could do besides offering developing countries unlimited duty-free access for bananas.

Preliminary reactions to some specific suggestions or requests

United States

- Bananas, otherwise prepared or preserved: zero m.f.n. binding.
- The Philippines had been excluded from GSP treatment on the grounds of the competitive need criterion. As regards the possibility of reducing the m.f.n. rate of 3 per cent, the representative of the United States noted the absence of negotiating authority at this time.

Switzerland

- Fresh bananas: reintroduction of GSP Sw F 0.15/kg.
- The m.f.n. rate on bananas was only Sw F 0.20/kg., and the previous introduction of GSP on an experimental basis for three years had not been reflected in demand or in prices.

European Communities

- Fresh bananas: reduction or removal of quantitative restrictions (Italy, France, United Kingdom) and reduction or removal of internal tax (Italy).
- There were many different factors, influences and interests affecting the market for bananas in different countries within the Communities. One factor was the interest of traditional suppliers. It would be difficult to make changes in these circumstances and in any case it was questionable how far these measures influenced demand.

- Banana crackers: zero GSP and removal of additional duty on sugar.
- Dried bananas had recently been subject to duty reductions in the GSP.

Japan

- Fresh bananas: 10 per cent m.f.n. and zero GSP for imports in April to September, and 20 per cent m.f.n. and 10 per cent GSP for imports in October to March.
- Despite a difficult market situation, which necessitated production controls for banana substitutes such as grapes, apples, cherries and mandarins, the Japanese Government had decided that with effect from April 1984, the GSP rates on bananas would be 17.5 per cent from April to September and 35 per cent from October to March. This action was still to be approved by the Diet.
- Banana crackers: zero GSP.
- There was a difficult market situation in which banana crackers competed directly with potato chips and confectionary.

Finland

- Fresh bananas (June-December): increase in quota.
- Bananas competed with various domestic fruits, but the proposal was still under study.

New Zealand

- Fresh bananas: relaxation of import licensing procedures.
- There was a question of the interests of certain South Pacific island developing countries, but this request had been referred to the appropriate authorities and would be responded to specifically in due course.

9. TROPICAL FRUITS AND NUTS AND THE PRODUCTS THEREOF

Post-MTN progress

Australia

*Elimination of a 2 per cent fiscal duty in 1983 for a number of products falling within CCCN Nos. 0801, 0805 and 0809.

*Simplification and reductions of duties (m.f.n. and/or GSP) in 1983 for passion fruit pulp, ginger and other preserved tropical fruits falling within CCCN 0809, 0810, 0811, 2001, 2003, 2004, 2005, 2006, as well as for pineapple juice, passion fruit juice and other tropical fruit juices falling within CCCN 2007 (see COM.TD/W/352/Add.3, Table 1).

EEC

GSP rate reductions in 1981 and 1982 on mangoes, passion fruit and preserved tropical fruits and pineapple juice falling within CCCN 0801, 0809, 0810, 2001, 2003, 2004, 2006 and 2007 (see *ibid*).

Japan

*Tariff reductions (m.f.n./GSP) in April 1982 and 1983.

	March 1982	April 1983
20.06-273 Macadamia nuts, roasted	MFN 14.5% GSP 10%	- 10% - 8%
20.06-274 Macadamia nuts, processed not in pulp form	MFN 14.5% GSP 10%	- 10% - 8%
21.07-212 Peanut butter, containing added sugar	MFN 32.2% GSP 25%	- 25% - 20%
08.01-442 Mangoes, dried	MFN 10%	- 6%
08.01-452 Avocados and mangosteens, dried	MFN 10%	- 6%

*The accelerated implementation of MTN concessions on some products. (see Spec(83)44 for details)

*Expansion of import quota.

Peanuts/groundnuts: Minimum amount of import quota for peanuts for three years starting from FY 1983 set at

about 50,000 tonnes and efforts made in order to import about 60,000 tonnes by FY 1985.

Pineapple, in airtight container: Allocation of more than 800 thousands cases for three years from FY 1982 (800 thousands cases allocated in FY 1981).

Tropical fruit juice: Introduction of the planned import quota of 1,000 tonnes for tropical fruit juice (excluding pineapple juice), prune juice, cranberry juice for three years from FY 1983.

Fruit puree and fruit paste: Allocation of 3,000 tonnes for three years from FY 1983.

New Zealand

*Canned Pineapples - exemption from import licence requirements and the introduction of a new GSP rate of 15 per cent.

Sweden

M.f.n. duty-free treatment in 1982 for preserved tropical fruits and fruit juices falling within CCCN Nos. 2001, 2004, 2006 and 2007, which previously enjoyed GSP duty-free treatment.

Reduction of a m.f.n. rate on 2005 jams, fruit-jellies, marmalade, fruit puree and pastes of tropical origin from Skr 0.35/kg (11.5 per cent) to 5 per cent in 1982.

United States

GSP duty-free treatment on 14187 unpacked preserved sweet ginger, 15278 fruit pastes and pulp, 14817 fresh cantaloups imported on 1 April - 31 July and 16 Sept. - 30 Nov. and *fresh mangoes imported in Sept. - May.

General remarks

1. Representatives of a number of developing countries drew attention to the importance they attached to securing favourable market access for tropical nuts and fruit, stating that some of the poorest sectors of the population in their countries were dependent on them for their livelihood.

2. Representatives of some developing countries requested that attention be given to the possibility of showing more flexibility with respect to the tariff nomenclature covering tropical fruits and nuts, taking into account the exotic character of these products. An appropriate classification of products would make it easier to identify the wide variety of different items involved and to ensure suitable commercial policy treatment on products of interest to developing countries. The representative of a group of developed countries said that this question was receiving attention in connection with the adoption of the Harmonized System of tariff nomenclature.

Preliminary reactions to some specific suggestions or requests

New Zealand

- Various tropical nut and fruit items: removal of import licensing and State trading restrictions, and GSP improvements.
- The question of import licensing would be considered along with other licensed consumer goods. Some of the measures were maintained having regard to the interests of small farmers in the Pacific region.

Japan

- Fresh pineapple: zero m.f.n. tariff.
- Frozen fresh pineapple: m.f.n. tariff binding at 20 per cent.
- Canned pineapple: reduction or elimination of tariffs, GSP inclusion and increase or removal of import quotas.
- Pineapple production in Okinawa was in a difficult condition. The industry was trying to combat global excess supply problems and depressed demand. It was difficult for farmers in Okinawa to diversify out of pineapple growing because of climatic conditions. Pineapple production was already under quota, and this quota had fallen more than the import quota.

- Fresh fruit, including mangoes and papayas: zero m.f.n. rate on mangoes and clarifications regarding phyto-sanitary regulations.
- Imports of these products had increased in recent years. These products competed with domestically produced fruit, including mandarins, cherries, apples and grapes. The demand situation was unfavourable and domestic fruit production was already being restricted. Phyto-sanitary regulations were aimed at preventing the introduction of certain pests into Japan. Imports were not restricted if sanitation was established on the basis of technical and scientific data following a certain process of examination.
- Fruit, preserved or prepared, and tropical fruit juices: inclusion in GSP at zero rate and elimination of quantitative restrictions where relevant.
- The same considerations applied as those mentioned in connection with fresh fruit. Tariffs on some products had been reduced in recent years, notwithstanding the unfavourable demand/supply situation.
- Edible groundnuts, roasted cashew nuts: inclusion in GSP at zero rate, removal of quantitative restrictions on edible groundnuts, and elimination of phyto-sanitary requirements.
- The situation regarding nuts was similar to that of fruit. Japanese groundnut growers could not diversify easily into other product lines on account of certain conditions. Phyto-sanitary controls were not something to be eliminated.
- Brazil nuts: elimination of phyto-sanitary permit.
- This was an importable product under the health and sanitary regulations.

United States

- Fresh papayas and various nuts: GSP inclusion
- Fresh mangoes: extension of GSP seasonal treatment and relaxation of standards.
- Fruit, preserved or prepared, including pastes, juices, fruit mixtures: GSP inclusions, m.f.n. reductions and bindings.
 - Items not included in GSP had been excluded because of domestic sensitivity, but any of these items could be considered in the context of the annual GSP review. With regard to requests for m.f.n. duty reductions or bindings, there did not exist any negotiating authority at present. Requests by India for relaxing standards on fresh mango imports and further enlargement of seasonal GSP treatment on fresh mangoes required clarification.

Switzerland

- Other dried fruit n.e.s.: inclusion in GSP at zero rate and m.f.n. binding.
 - Most of the imports under this item came from the EEC. This situation made it difficult to contemplate a tariff binding. The least-developed countries already enjoyed duty-free access under this item. The duty facing other countries was modest and was unlikely to influence market conditions significantly.
- Pineapples, preserved or prepared, sweetened or unsweetened: inclusion in GSP at zero rate.
 - These products were included in GSP already, but at a positive rate. The interests of the least-developed countries, who enjoyed duty-free access, had to be considered in this matter. In any case, pineapple consumption had been increasing in Switzerland over the last few years.
- Mixtures of tropical fruits: inclusion in GSP zero rate.
 - This item was already enjoying duty-free treatment under the GSP.

Norway

- Tropical fruits, preserved or prepared: removal of licensing and seasonal restrictions.
 - There was not much hope that seasonal restrictions could be eliminated, since this was an important element in Norway's agricultural policy.

Sweden

- Pineapple juice, unsweetened: m.f.n. binding at zero rate and removal of import tax.
 - This item already enjoyed zero duty. There was no import tax, but rather a levy, which was very marginal and non-discriminatory, and was unlikely to affect imports.
- Groundnuts, in the shell: m.f.n. binding at zero rate.
 - Requests of this nature could be considered more appropriately in a trade negotiation.

Canada

- Nuts, n.e.s.: inclusion in GSP at zero rate.
 - This tariff line had been sub-divided, and processed or prepared nuts of all kinds enjoyed duty-free treatment under GSP. The only item not included in GSP was mixtures of fruits and nuts.

EEC

- Various fruits, fresh or preserved: improvement in GSP treatment, etc.
 - Efforts were being made to classify tropical fruits separately from other fruits in the tariff nomenclature and to improve GSP treatment to the extent possible.

Finland:

- 2006.201/209 Preserved pineapples: m.f.n. duty free.
 - These items already enjoyed duty-free treatment under the GSP.

Australia

- 0801 Bananas, pineapples, avocados, mangos, guavas and mangosteen,
0805.900 Other nuts: binding of m.f.n. duty-free.
 - Binding was not appropriate in these consultations.
- 2001.500/900 Tropical fruit in vinegar: GSP 0% and m.f.n. binding.
 - The m.f.n. duty had been bound except for capers and olives.
Australia was prepared to examine the possibility of improving the GSP treatment on the basis of evidence regarding the competitive need of developing countries.
- ex 2005 Jellies, fruit puree and pastes of guava, mango and pineapples.
- ex 2006 Preserved pineapples: GSP rate reduction or inclusion in GSP.
 - Not cases for GSP treatment: developing countries were already major suppliers of these products. The current m.f.n. duty on preserved pineapples of 15 per cent would be reduced to 12.5 per cent in July 1985 and to 10 per cent in July 1986.

10. TROPICAL WOOD AND WOOD PRODUCTS

Post-MTN progress

Australia *Tariff simplification and reductions in 1983

	<u>1981 rate</u>	<u>1983 rate or rate in the future</u>
4405.990 Wood	5% GSP: 0%	5% GSP: 5% less ₃ \$0.43/m ³
4411.100 Hardboards	30%	1986 - 20% ¹
4413.900 Wood planed, grooved, tongued etc.	22.5% GSP: 0%	1984 - 15% ¹
4414.900 Veneer sheets and sheets for plywood	15% GSP: 0%	5%
4415-111 Plywood 5.5-23mm thick, not having a surface ply of redwood	40%	1986 - 25% ¹
4415-119 Plywood 5.5-23mm thick, with a surface ply of red wood/red cedar	64.2%	1986 - 25% ¹
4415-190 Plywood under 5.5mm or over 23mm thick	40%	1986 - 25% ¹
4415-900 Laminated wood products	30%	15%
4418 Reconstituted wood	30%	1986 - 20% ¹
4419 Wooden beadings and mouldings	22.5%	1984 - 15% ¹
4423.100 Louvered goods	22.5%	15%
4423.900 Builders carpentry or joinery	15% GSP: 10%	15%
4425.100 Broom brush and tool handles of wood	22.5%	15%

Japan

*Two-year accelerated implementation of Tokyo Round concessions on plywood in April 1983.

¹Final rates indicated in the Australian Tariff for duties being reduced in stages.

General remarks

Representatives of a number of developing countries stated that tropical timber was one of their important resources, which had to play a significant role in their plans for industrialization. UNCTAD negotiations in the framework of the Integrated Programme for Commodities appeared to be coming close to an international agreement on tropical wood and wood products. This agreement would mainly focus on research and development, including product diversification, and would promote a higher degree of processing and manufacturing in the countries of origin. It was accordingly important that progress should be made in parallel in the GATT towards further liberalization of access to markets for tropical wood products.

Preliminary reactions to some specific suggestions or requests

Australia

- 4414.900 Veneer sheets and sheets for plywood, of Philippine mahogany: reduction of m.f.n. rate.
 - With effect from 9 December 1982 the m.f.n. duty on these goods had been reduced to 5 per cent. As developing countries were already major suppliers of veneer and plywood sheets, no GSP was offered.
- ex 4415 Miscellaneous plywood: reduction of m.f.n. duty or GSP treatment.
 - The m.f.n. rate on plywood was being progressively reduced at 3 per cent per year - it would reach the long term rate of 25 per cent on 10 December 1986. No GSP preference was offered because developing countries were major suppliers of plywood and the introduction of a preference would cause injury to the local industry.

- 4405.900 Wood, sawn lengthwise: GSP 0 per cent
 - The m.f.n. rate of 5 per cent was at a moderate level and the GSP rate was even lower at 5 per cent less \$0.43 per m³.
- 4415.900 Blockboard, laminated wood products, etc: reduction of m.f.n. duty or GSP treatment.
 - From 9 December 1982 m.f.n. rate had been set at 15 per cent.
- 4411.100 Handboards: GSP inclusion.
 - M.f.n. duty was being phased down to 20 per cent. The possibility of GSP inclusion would be kept under review.

Canada

- Various wood products falling within Canadian Tariff headings 50075-1, 51200-1, 50603-1, 51500-1, 51901-1, 50715-1 and 50600-1: GSP - 0 per cent.
 - Canada was itself a large producer and exporter of timber and wood products. The domestic industry had been particularly hard hit by the recession and was faced with serious difficulties. All of the products covered by the requests were already included in the Canadian GSP. There might be some room for further liberalization for hockey sticks (50603-1) on which India had submitted a request.

Japan

- Lumber of laun; tropical sawn timber; wood planed, tongued, grooved, rebated etc. but not further manufactured (4405, 4413): reduction of m.f.n. duties, reduction of GSP rates to zero, removal of GSP ceilings and elimination of import quotas.
 - Japan had about 6,000 small-sized and economically weak saw mills. They were faced with difficulties due to restrictions on exports of unprocessed timber in exporting countries. The industry was trying to adjust to the harsh market conditions by scrapping excess capacity. There were no quantitative restrictions on imports of these products.

- Veneer sheets and plywood (4414,4415): reduction of m.f.n. and GSP tariff rates, removal of GSP ceilings and elimination of import quotas.
 - The Japanese wood industry was integrated in its structure: 60 per cent of the labour in this industry was involved in making up sheets of plywood. The industry was situated mostly in economically weak areas and was facing serious difficulties due to the decline in demand under recession. They were already scrapping excess capacity in the face of harsh market conditions. Japan advanced the full implementation of its m.f.n. tariff reduction by two years in 1982. There were no quantitative restrictions on imports of these products.
- Blockboard (4415.300): reduction of m.f.n. or GSP tariff to zero, removal of GSP ceiling.
 - The domestic industry was in difficulties due to recession and increasing level of imports.
- Wooden chopsticks (ex 4424): removal of GSP ceiling.
 - The domestic industry was in serious difficulties due to stagnant demand and increase in the level of imports.
- Drawn wood of bamboo (4409-210): removal of GSP ceiling.
 - The domestic industry was important for relatively under-developed mountainous regions.

Switzerland

- Veneer sheets and sheets for plywood (4414.10): zero duty under GSP.
 - The requested tariff treatment was already in force.

United States

- Toothpicks of wood (20685): inclusion in GSP.
 - The request had been considered repeatedly (in 1977, 1980 and 1982) but denied due to high import sensitivity of domestic industry.

- Plywood, no face finished or with a clear face finished (24023); plywood, whether or not face finished, n.e.s. (24025): inclusion in GSP or m.f.n. tariff reduction.
- Requests for inclusion in GSP had been considered, but denied due to high import sensitivity of domestic industry.
- Hardboard, no face finished, oil treated, over \$96.66 per short ton: reduction of m.f.n. duty to zero.
- Although the item was covered in US GSP, Brazil was excluded from GSP benefit under competitive need criteria. M.f.n. duty was being reduced by 50 per cent as a result of the Tokyo Round.
- Wood blinds, shutters, screens and shades, n.e.s., (20667): GSP inclusion.
- Such request had been reviewed in 1976, but denied due to high import sensitivity of domestic industry.
- Plywood, no face finish or clean face finish; plywood, whether or not finished, etc. (24017, 24023, 24025 etc.): reduction of m.f.n. tariffs/ inclusion in GSP.
- The US Administration did not have legislative authority at this time to negotiate m.f.n. concessions. The request for inclusion in GSP had been considered in 1980 but was denied due to high import sensitivity of domestic industry. However, there were signs of recovery in the US housing industry.
- Wood dowels, rods and pins (20095): reduction in m.f.n. tariff.
- The US Administration did not presently have authority to negotiate m.f.n. tariff concessions. The request for inclusion in GSP had been reviewed in 1982 and 1983 but was denied due to high import sensitivity of the domestic clothes-pin industry.
- Forks and spoons of Philippine mahogany (20645); other wooden household utensils n.s.p.f. of Philippine mahogany (ex 20698): reduction of m.f.n. tariff to zero.

- These products were already included in US GSP; the US Administration did not have legislative authority to negotiate m.f.n. tariff concessions.
- Wood veneer panels, veneer faces on both sides, n.e.s., (ex 24038); plywood, n.e.s., with a face ply of softwood (24021): reduction of m.f.n. duty to zero.
- These products were already included in US GSP. The United States Administration lacked the authority to negotiate m.f.n. tariff concessions.

EEC

- 4412 Wood, planed, tongued, grooved, but not further worked: GSP zero tariff without ceiling limitation or reduction of MFN tariff to zero.
- 4414 Veneer sheets and sheets for plywood: GSP ceiling to be expressed in quantity.
- 4415 Plywood, blockboard, etc.: separate classification of tropical plywood under GSP quota, higher annual growth in GSP quota, removal of GSP quota or m.f.n. tariff reduction.
- 44.23 BII Builders' carpentry and joinery: zero m.f.n. tariff, GSP ceiling to be expressed in quantity.
- 9401 BII, 9403 B Chairs and other furniture of wood: increase in GSP ceilings.
- The EEC had carried its liberalization policy quite far. M.f.n. duties on these items ranged between 0 and 10 per cent, the average being 3 per cent. All the items were covered by the EEC GSP, without any quantitative limitations in most cases. Only four of the items were subject to GSP tariff quotas. Most tariff quotas had been increased by 10 per cent in 1983. Room for further trade liberalization was limited. Domestic industry in the member countries was faced with serious difficulties due to the effects of the recession.

11. NATURAL RUBBER AND RUBBER ARTICLES

Post-MTN progress

In response to an enquiry by an exporting country, the representative of Australia stated that he would provide information on changes made in tariff treatment on rubber products in 1983 when made available by his government.

General remarks

The representative of a major rubber exporting country stated that rubber and rubber articles constituted a very important factor in the economies of a number of developing countries, in particular the ASEAN countries, in regard to share in the GNP, employment in the agricultural sector and export earnings. The bulk of the natural rubber production continued to be exported in raw form. Only 2 to 3 per cent of the total production of rubber in the developing countries was exported in the form of manufactured products. The question of access conditions for manufactured rubber products exported by developing countries was therefore of crucial importance to them.

Preliminary reactions to some suggestions or requests

Australia

- 4011 tyres and 4014 other rubber articles: GSP reduction and introduction of GSP treatment.
- Some restructuring was made of items 4011 and 4014 on the introduction of the simplified Australian tariff on 1 January 1983. Under item 4011, tyres (other than tyres for cycles, motor cycles and motor scooters) fell under sub-items 4011.2 and 4011.9 and were covered by a GSP quota of 1,650,000 Australian dollars per year. Imports within quota were dutiable at 15 per cent (4011.2) or duty-free (4011.9). Imports outside the quota pay

the respective m.f.n. rates of 25 per cent and 15 per cent. Under item 4014, goods from developing country sources were dutiable at the following GSP rates: inspection lamps and parts, 20 per cent; gaskets and similar joints of a kind used with pipes together with mats, 15 per cent; remainder, free. M.f.n. rate was 25 per cent.

United States

- Rubber gloves (TSUS 70586): GSP duty-free treatment.
- Rubber gloves had been reviewed for inclusion in the US GSP in 1982. The request had been denied on the grounds of high import sensitivity of the domestic industry.

Canada

- 61800-1 rubber articles, 61815-1 inner tubes and tyres, 61815-2 other tubes and tyres, plain: GSP duty-free treatment.
- The products in question were import sensitive for the domestic industry.

New Zealand

- Rubber and rubber products, falling under tariff Nos. 4001.001, 4008.039 and 4014.011: reduction of GSP rates of duty.
- Rubber industry had been the subject of one of the industry studies in New Zealand over the last couple of years. Consultations had been held and were still being held with the industry in regard to the findings and recommendations of this study, and final decisions in this regard were likely to be made public very shortly. The decisions would be an integrated package covering the entire rubber products industry. The following indications could already be given in regard to the likely decisions.

Pre-vulcanized rubber, (4001.001): would be duty-free on m.f.n. basis. Rubber plates and sheets (4008.039): would become an "approval tariff item" (Minister would be competent to reduce the GSP rate of 30 per cent for goods not produced locally.)

Clothing accessories (4013.009): GSP rate would be reduced from 45 per cent to 35 per cent.

Moulded rubber mats, non-rectangular (4014.011): m.f.n. rate would be reduced from 37.5 per cent to 20 per cent.

Finland

- Rubber tyres and tubes: GSP duty-free treatment.
- This was a sensitive industrial sector. There were some imports from developing countries under the present tariff treatment.

12. TOBACCO AND TOBACCO PRODUCTS

Post-MTN progress

Canada

*14203-2 Unstemmed tobacco if imported by cigar manufacturers: GSP treatment introduced at 8.33c/lb (MTN rate = 12.5c/lb) effective April 1983.

*14204-2 Stemmed tobacco if imported by cigar manufacturers: GSP treatment introduced at 13.33c/lb (MFN rate = 20c/lb) effective April 1983.

*14305-1 Cigars: GSP treatment introduced at 96.67c/lb and 6.5% (MFN rate = \$1.45/lb and 10%) effective April 1983.

*14210-1 Converted tobacco leaf for cigar binders and wrappers:

Free GSP treatment introduced effective April 1983.

Japan *Tariff reductions (m.f.n.) on manufactured tobacco in April 1983.

a. Imports by the Tobacco Monopoly

	March 1982	April 1983
24.02-121 Cigarettes	35%	10%+342 yen/ 1000 pieces
24.02-110 Cigars and cheroots	35%	20%
24.02-122 Pipe tobacco	60%	35%
24.02-129 Homogenized or reconstituted tobacco	7%	Free
24.02-129 Other	7%	4%

b. Imports by Others

24.02-121 Cigarettes	180%	150%
24.02-110 Cigars and cheroots	170%	150%
24.02-122 Pipe tobacco	190%	150%
24.-129 Other	50%	40%

*The number of outlets handling imported tobacco products expanded from 20,000 to 40,000 in Nagoya and other major cities except the Tokyo and Osaka areas, as from 1 April 1983.

New Zealand *Additional licences for tobacco products issued during 1982/83 on the basis of 150 per cent of 1981/82 licences, or 2 per cent of domestic purchases in the year ending 31 March 1982. 1983/84 licences would be 200 per cent of 1982/83 licences.

United States Wrapper tobacco, cigarettes containing cloves, other non-paper wrapped cigarettes including bidis, cigars each valued 23 cents or over: introduction of GSP duty-free treatment in 1981 and 1982.

Other Post-MTN Changes

- Australia 24.02.200 cigars: MFN tariff rate increased from \$24.93/kg to \$34.79/kg in 1983.
- 24.02.100 cigarettes: MFN tariff rate increased from \$27.19/kg to \$32.42/kg in 1983.

General remarks

1. A number of representatives from developing countries indicated the importance of exports of tobacco and tobacco products as a major source of employment and foreign exchange earnings for their countries. One developing country representative also mentioned the regional importance of tobacco production. While her government was attempting to expand export markets for tobacco leaves, the success of its efforts was curtailed by the existence of non-tariff barriers in importing countries. In this regard, she mentioned monopoly practices for the import of tobacco, whereby quotas were allocated among importing agencies, and requested the enlargement of such import quotas. Another representative from a developing country expressed her concern over non-tariff barriers affecting exports of manufactured tobacco.

2. The representative of Indonesia said that the definition of fired-cured tobacco set out in EEC Council Regulation 3035-79 of December 1979 constituted a barrier to his country's exports of tobacco. After giving a detailed technical explanation of certain varieties of Indonesian tobacco, he requested that the EEC consider these varieties of Indonesian tobacco to be in compliance with the definition of fire-cured tobacco contained in the Council Regulation.

Preliminary reactions to some specific suggestions or requests

Austria

- Elimination of duties on oriental and black tobacco, favourable treatment under State-trading for oriental and black tobacco and inclusion of cigars in the GSP with a preferential margin of 50 per cent.

- Imports of tobacco under State trading were already duty-free. However, the delegation of Austria was willing to pursue clarification of the request bilaterally.

United States

- 170.20, 170.25, 170.40, 170.55 tobacco: inclusion in GSP.
 - These four items had been reviewed in 1978 for GSP inclusion. They had been denied such treatment for reasons of domestic sensitivity.
- 170.60.20 Scrap tobacco: GSP inclusion or MFN reduction to zero per cent. - Reviewed for GSP inclusion in 1976 and denied for domestic sensitivity.
- 170.28: Cigarette leaf, not stemmed, oriental or Turkish type, not over 8.5 inches in length: GSP at zero per cent.
- 170.32 other cigarette leaves: GSP at zero per cent.
- 170.35 cigarette leaf, stemmed: GSP at zero per cent.
 - The United States was willing to examine these requests but there was domestic sensitivity in all three cases.
- 170.45 other stemmed tobacco, including cigar leaf: MFN at zero per cent.
 - The United States administration had no negotiating authority now.

Canada

- 14315-1 cigarettes, 14400-1 cut tobacco, 14450-1 snuff tobacco and 14500-1 manufactured tobacco: GSP inclusion
 - The Canadian authorities recently reviewed the possibility of according tobacco and tobacco products GSP treatment and decided against including in GSP the products listed above in the light of domestic interest in these items. However, GSP rates had been introduced on a number of other tobacco items, effective April 1983.

EEC

- 2401 A(2), B(2): Non-Virginia type tobacco: reduction of minimum rate of 33 ECUs and/or removal of or increase in GSP ceiling and/or GSP treatment at zero per cent.
- 2401100: Flue-cured Virginia type and light air-cured Burley type tobacco of a value per package not less than 280 ECU per 100 kg net weight: enlargement of GSP quota and relaxation of limits.
- 2401 A(1) Virginia tobacco: GSP treatment at zero per cent and removal of or increase in GSP quotas.
- The EEC had examined these requests but was unable to respond favourably to them. While the EEC was a major importer of tobacco, there was also significant local production. After the Tokyo Round the EEC had granted GSP treatment to tobacco items and trebled its GSP quotas. As a result of these measures, EEC imports of tobacco had increased significantly. Exports from developing countries had increased their share in the EEC market from 31 per cent in the early 70's to around 60 per cent.
- 2401 A Fire-cured tobacco: Classification of Sumatra, Vorstenlanden and Besuki tobacco under fire cured.
- The representative of the EEC said that this was a complex problem, which might be better discussed bilaterally. He recalled that the EEC had sent a mission of experts to Indonesia to study the question and had not been in a position to respond favourably to this request in light of the results of the study.

Japan

- ex 24.01 certain varieties of leaf tobacco: removal of State trading and/or reallocation of import quota.
- State trading of tobacco and tobacco products was maintained to secure stable fiscal revenues from these items. The imports of the Japanese Tobacco and Salt Public Corporation were carried out

in accordance with commercial considerations and were not unduly restrictive. Because of the stagnation in the consumption of manufactured tobacco in Japan, the outlook for an increase in the imports of tobacco leaves did not look very positive.

Australia

- Other manufactured tobacco: GSP 0 per cent.
 - GSP rate was equivalent to the excise tax applicable to local production and therefore there was no protective element in the existing GSP rate.
- Cigars, cheroots and cigarillos: GSP 0 per cent.
 - A GSP margin of \$2.15/kg. had already been introduced in response to the request of the Philippines.

13. RICE

Post-MTN progress

New Zealand exempted rice from import licensing on 1 July 1981.

General remarks

The representative of one rice exporting country stressed the importance of rice exports for certain developing countries and stated that in order to increase their rice production developing countries were importing a large amount of pesticides and other inputs from developed countries. He stated that the comparative advantage of developing countries in rice exports had been eroded by protectionist measures applied by developed countries such as variable levies, subsidies and State trading. The exports of his country had been affected also by concessional rice sales of certain developed countries in certain traditional markets for his country. In this connection, he suggested that a regular consultation mechanism be established among rice producing countries with a view to reducing frictions regarding trade in rice. Referring to the FAO

consultation mechanism on surplus disposal, he said that the question might be pertinent to the work of GATT. He urged that developed countries, in particular the EEC, Japan and the United States open their markets with a greater degree of transparency in their systems. In this connection, he suggested that the EEC study the possibility of extending its preferential treatment to the developing countries not enjoying such treatment, and that Japan create a special quota for imports of rice from developing countries. Expressing appreciation that the United States had created a separate tariff heading for basmati rice in the Tokyo Round in order to give it a tariff concession, he appealed for similar action by other developed countries.

Preliminary reactions to some specific suggestions made in 1982

EEC

- Special treatment for basmati rice by way of separate tariff classification.
- While the acreage for rice production had been the same for nearly fifty years, the output increased from 600 thousand tons to one million tons mainly as a result of recourse to modern technology, which led to an increase in production costs. The EEC trade policy measures applied to rice were transparent: measures applicable to rice were published in the EEC's Official Journal.

Japan

- In response to general remarks made by a developing country, the representative of Japan stated that Japan was fully self-sufficient in rice and that because of surplus due to decreasing consumption, Japanese rice production was strictly controlled.

United States

- Duty-free treatment under the GSP for basmati rice.
 - Tokyo Round m.f.n. concession rate on basmati rice was low. The United States was willing to examine the request if the request be filed under the annual GSP review procedures of the United States.

Finland

- Basmati rice: special tariff treatment.
 - The request was being examined. In general, rice competed with domestic production of cereals.

14. MANIOC AND OTHER TROPICAL ROOTS AND PRODUCTS THEREOF

Post-MTN changes

EEC

Recent changes in commercial policy measures on manioc are indicated in COM.TD/W, 349/Add.1.

General remarks:

The representative of Thailand stressed the importance of manioc for the economy of her country. Manioc represented a vital income source for a large number of rural population and was one of the major foreign exchange earners of her country. In recent years Thailand had been trying to reduce its manioc production to diversify into other agricultural products. However, as manioc was grown in a very dry area, other crops could not be easily grown. Exports of manioc from Thailand encountered market access problems in several developed country markets. She appealed that developed countries give a sympathetic consideration to the need for a socio-economic stability in Thailand's rural area and take measures to liberalize trade in manioc.

Preliminary reactions to some specific suggestions or requests

Japan

- Tapioca flour/starch: reduction of m.f.n. duty and elimination of certain internal business practices.
 - The requests submitted by Thailand required further clarification as to the products and measures in question.

Sweden

- Other starches: m.f.n. binding and elimination of import levy.
 - There was domestic sensitivity on starches. Price and imports of starches were subject to regulations.