

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

Spec(84)27/Rev.1
12 July 1984

Committee on Trade and Development

PROCEEDINGS OF THE 1984 CONSULTATIONS ON TROPICAL PRODUCTS

Prepared by the Secretariat

Revision

1. In the light of 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 after a first round of consultations under the Ministerial Decision in 1983, further consultations and appropriate negotiations be held in 1984. Accordingly, another round of consultations on tropical products took place on 2-4 May 1984 under the Chairmanship of H.E. Ambassador Tai Soo Chew (Singapore).
2. This note provides a record of the 1984 consultations including the main points made with respect to different product groups and sub-groups covered by these consultations.
3. In keeping with the arrangements made for the 1984 consultations (GATT/AIR/1981), plurilateral consultations were held on a product-group-by-product-group basis with respect to one newly added product group - jute and hard fibres - and the six product groups already covered by the 1983 consultations. During the period of the consultations some bilateral consultations also took place between exporting and importing countries.

Background information

4. The documents used in the 1984 consultations are indicated in a checklist of documents circulated as Spec(84)16. In order to provide background material for consultations on the new product group - jute and hard fibres, the secretariat prepared documents COM.TD/W/400 and Add.1. The consolidated lists of requests for the seven product groups covered by the 1984 consultations were made available as INT(84)18-24 to the delegations consulting on respective product groups. Further, the notification of Japan on its recent actions on tropical products was circulated as Spec(84)22.

Requests for further trade concessions

5. In accordance with the arrangements for the 1984 consultations on tropical products, interested countries were invited to file new, additional or revised requests on items falling within the new product group (jute and hard fibres) and the six previously covered product groups. A number of developing countries submitted new, additional or revised requests prior to the 1984 consultations. The secretariat transmitted these requests to the importing countries concerned as they were received, and incorporated them in the consolidated lists of requests referred to above.

Organization of the consultations

6. Since jute and hard fibres were taken up for the first time under the 1982 Ministerial Decision, consultations on these products were organized in two parts - general discussions and consideration of specific questions relating to access to markets. With regard to the six previously-covered product groups, only specific questions were addressed with reference to previous or new requests. An effort was made to avoid the repetition of points raised in the previous 1983 consultations, which are recorded in Spec(83)55/Rev.1.

General points made in the consultations

7. The general points made at the beginning and the end of the consultations are recorded in the following paragraphs. The specific points made with regard to respective product groups or sub-groups are recorded in the attachment. The attachment also includes a record of further progress made in the liberalization of trade in tropical products, as reported by delegations.

8. In opening the discussions the Chairman recalled that at the consultations held in 1983 delegations of developed countries had provided responses to certain specific requests. In relation to other requests, some delegations had indicated that their respective authorities required more time to study them adequately. It had been agreed that governments to which requests were addressed would examine them further. It had been 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. Delegations of developed countries had been invited to indicate at the earliest possible date their responses to the requests received. It had been agreed that further consultations would be held in order 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. Document Spec(83)55/Rev.1 provided a record of the 1983 consultations including the main points made with respect to the six product groups covered by the 1983 consultations. This document also included some responses to requests provided by Australia and New Zealand soon after the 1983 consultations.

9. The representative of Thailand, speaking on behalf of the ASEAN countries, expressed disappointment at the slow progress made in the liberalization of trade in tropical products. He said that tropical products were generally not likely to cause injury to the industries of developed countries. While expressing appreciation of some GSP improvements made on tropical products, he stated that they had often been limited in the product coverage and the preferential margin. The ASEAN countries also attached importance to the liberalization of non-tariff measures in order to gain effective improvements in access conditions. He hoped that in the present consultations more positive and concrete responses to their requests could be obtained from their trade partners than those obtained in the previous round of consultations.

10. The representative of Colombia stated that after the two previous rounds of consultations on tropical products held in 1982 and 1983, much work still remained to be done for the reduction of trade barriers on tropical products. He hoped that at this third round of consultations participants could take a step forward for the achievement of this objective and decide what type of appropriate negotiations could be carried out in accordance with the 1982 Ministerial Decision.

11. The representative of Japan stated that since the consultations held in November 1983 his country had taken a number of actions with respect to certain tropical products such as fresh bananas, palm oil, certain jute products and certain tropical wood products, as indicated in document Spec(84)22. Further, the "external economic measures" announced by the Japanese Government on 27 April 1984 included certain measures designed to further open the markets for tropical products. These measures included the reduction of m.f.n. or GSP rates, the advance implementation of Tokyo Round concessions, elimination of import restrictions and increases in import quotas, which would be implemented in the fiscal years 1984 or 1985. He added that certain measures to promote imports of manufactured goods announced at the same time might also be of interest to exporters of tropical products. On the request of some delegations, the text giving details of the "external economic measures" were made available to interested delegations.

12. The representative of New Zealand stated that his country was undertaking a number of trade liberalization moves aimed at phasing out import licensing requirements and moving to a tariff-based system. Following agreement between the government and domestic manufacturers, it had been announced on 13 April 1984 that present tariff levels would be tested by import licence tendering in the following way:

In the first year of testing, tender allocations will be 5 per cent of domestic production less exports, and thereafter not less than 2.5 per cent. Once tender premiums have fallen below an average of 7.5 per cent over a period of two years, there will be licensing on demand for a further two years, followed by removal of licensing (i.e. a removal of quantitative restrictions) completely.

He hoped that while it might not always be possible for his country to make specific responses to specific requests at this particular time, this would be seen against the background of across-the-board liberalization affecting all tropical products.

13. The representative of the United States stated that her country was willing to take note of and examine requests for additional trade concessions submitted by developing countries in these consultations. With regard to requests for m.f.n. concessions, the US administration was exploring with the Congress various possibilities for the enactment of negotiating authority. However, should the Congress decide to empower the executive branch with negotiating authority, it was unlikely that it could be used to implement tariff concessions in the absence of US trade partners undertaking trade liberalization measures on items of interest to the United States. With regard to requests for GSP contributions, the United States was willing to consider the addition of products to the GSP within the context of the procedures established for the regular annual review of the GSP scheme. However, interested countries should be cautioned to refrain from petitioning for the inclusion of products which had a long history of domestic sensitivity in the United States and had been reviewed and rejected for inclusion on these grounds in the past.

14. The representative of the EEC stated that 40 per cent of total EEC imports were coming from developing countries and that just over 80 per cent of these imports were entering the EEC free of duty. Quantitative restrictions remained only in a limited number of cases. The EEC had continued to improve its GSP scheme. At this moment, the EEC was engaged

in the negotiation of a new Lome Convention with the ACP countries. While it was premature to indicate the outcome of these negotiations, it was expected that the extension and improvement of the Convention would have significant additional effects on trade in tropical products.

15. The representative of Canada stated that all requests received by Canada, which were mainly for GSP improvements, had been transmitted to capital for careful consideration. While the scope for further improvements in the Canadian GSP scheme was limited, some areas had been identified for further study and the government was in the process of consulting the industries concerned. A clear indication of the result of the study was expected to be available by the end of June. In other areas, however, it had been determined that it would not be possible to grant the request because of the adverse impact it would have on the domestic industry.

16. The representative of Australia stated that the Australian system of tariff preferences was currently under review by the government. As a result, no decisions could be taken on product-specific requests until a policy for the system as a whole had been established. Deliberations would be greatly facilitated, however, if requesting countries could provide all available evidence which indicated that a new or improved margin of preference was needed on these products to enable them to compete on the Australian market. It was an axiom of the Australian GSP scheme that margins of preference were not increased where developing countries were considered to be sufficiently competitive. Responding to a question, the representative stated that the evidence referred to above was to cover the following elements: (i) comparative prices, (ii) quality differences, (iii) transport costs, and (iv) any disadvantages of scale of production processes.

17. The representative of Finland stated that requests for inclusion of products in the Finnish GSP scheme were considered annually in a GSP review process. A governmental advisory committee had met in April to examine the requests received in earlier consultations on tropical products. However, no decision had so far been taken on the possible extension of the GSP. Any decision on the Finnish action would be duly communicated. The representative of Norway said that its GSP scheme was being reviewed at the political level.

Chairman's summing-up

18. In summing up the discussions at the current round of consultations on tropical products and reviewing the progress to date of the work programme in this area, the Chairman made the following remarks on the last day of the consultations:

"The Committee on Trade and Development has now concluded three rounds of informal consultations on various groups of tropical products selected for examination. The first round of consultations was held in 1982, before the Ministerial meeting itself. After the adoption of the Ministerial Decision on tropical products, calling for consultations and appropriate negotiations aimed at further liberalization of trade in tropical products, another round of informal consultations was held in November last year, and we have just concluded the third round.

"During these three rounds an in-depth examination of the problems affecting exports of developing countries at specific product level was carried out. Specific requests submitted by developing countries in accordance with the procedures adopted by the Committee on Trade and Development were also examined. In response to the requests submitted to them, representatives of developed countries gave indications of recent trade liberalization measures taken in their respective countries which favour an increase in imports of specific products covered by the consultations. They also presented their views on problems and issues raised by developing countries, and indicated the possibilities for action at present.

"Under present circumstances, in my view, this process of informal consultations has been carried to the extent possible. Unless developing countries put in a sufficiently large number of new or additional requests before November, or there is a radical change in the responses from the developed countries to the existing requests, I do not see the need to hold further informal meetings this year to cover the same ground. The requests made by developing countries have been noted and remain on the table. It is understood that delegations may revert to these requests in future work and that it will be open to developing countries to submit additional requests or modify existing ones in the light of developments. In this context, bilateral contacts between delegations would be very welcome. It would now seem necessary to examine how best to proceed with the work in this area on the basis of the stage that has been reached, having in mind the need to enter into "appropriate negotiations", as envisaged by the Ministerial Decision. It should also be recalled that in their Decision the Ministers called for a review at the 1984 Session of the CONTRACTING PARTIES of "the progress achieved in eliminating or reducing existing obstacles to trade in tropical products.

"I therefore propose that we carry out an initial exchange of views on how best to proceed with the work in this area. I further propose that, in the light of this exchange of views, the Committee on Trade and Development take up this matter under the corresponding agenda item at its forthcoming session in June, so that it may assess the results of these consultations, determine any future course of action, and prepare its report to the 1984 Session of the CONTRACTING PARTIES."

19. Representatives of both developed and developing countries expressed general agreement with what was described as a realistic assessment of the situation by the Chairman. Representatives of a number of developed countries observed that the consultations had served a very useful purpose in clarifying the situation and clearly identifying the interests of developing countries in this area. Developed countries had tried to respond to the specific requests from developing countries to the extent possible under the circumstances. Some developed countries intended to respond to the requests made to them later, after due consideration. All requests in any case remained on the table and would continue to receive consideration from the developed countries in the course of the future periodic reviews of their respective GSP schemes. It was stated that hard core cases often remained on the table and that it was unlikely that substantial further progress could be achieved except in a somewhat different context, e.g. the negotiated exchange of concessions.

20. Representatives of some developing countries suggested that at the next meeting of the Committee on Trade and Development, consideration should be given to the possibilities of moving forward to the "appropriate negotiations" process, and to the terms and conditions that would govern such a process. Representatives of some developed countries observed that such a negotiating process might need to be folded into the larger context of the next round of multilateral trade negotiations that was currently being discussed. The representative of one developing country stated that a new round of trade negotiations could be used as an excuse to delay the progress in the work on tropical products, which for his country was one of the most important points agreed on in the work programme established by Ministers in 1982. Some other representatives felt that there was a need to reflect further on this question until the next meeting of the Committee on Trade and Development.

21. It was suggested that in order to facilitate discussions at the next meeting of the Committee on Trade and Development, the secretariat might prepare and make available a record of all the responses which had been made in the course of the current process of informal consultations in a way to bring out clearly the progress that had been achieved and the possibilities or direction of further progress.

Attachment

Record of the 1984 Consultations on Tropical Products
per product groups or sub-groups

<u>Product groups or sub-groups covered by the consultations</u>	<u>Page</u>
1. Jute and hard fibres	7
2. Coffee and coffee products	13
3. Cocoa and cocoa products	14
4. Tea and instant tea	15
5. Certain oilseeds, vegetable oils and oilcakes	15
6. Spices and tropical essential oils	17
7. Cut flowers, tropical	18
8. Tropical plants, vegetable materials, lacs, etc. and products thereof	19
9. Bananas and banana products	20
10. Tropical fruits and nuts and products thereof	21
11. Tropical wood and wood products	24
12. Natural rubber and rubber products	26
13. Tobacco and tobacco products	27
14. Manioc and other tropical roots, and products thereof	28

The note on a new product group - jute and hard fibres is divided into "general remarks", "progress reported by delegations" and "other reactions to some specific requests". Notes on the other product groups or sub-groups having been already covered by the 1983 consultations are divided into "additional progress reported by delegations" and "additional reactions to some specific requests". These notes complement the record of the 1983 consultations circulated as Spec(83)55/Rev.1

1. JUTE AND HARD FIBRES

General remarks

1. The representative of Bangladesh, welcoming the inclusion of jute and jute products in the consultations on tropical products, emphasized the critical importance of these products for his country. Jute and jute products amounted to 70 per cent of all the export earnings of his country. In recent years, not only had his country's production and export of jute and jute products decreased, but the price of jute had suffered severe reductions in real terms, thus adversely affecting the entire economy. While certain improvements in tariff treatment were made in the Tokyo Round and his country benefited from the special tariff treatment accorded to the least-developed countries, he indicated that exports of jute and jute products from his country still faced sizeable tariff and non-tariff barriers, leading him to conclude that there was ample room for further liberalization of trade in these products.

2. The representative of Tanzania indicated that sisal and sisal products were an important source of foreign exchange for his country, accounting for 7 to 8 per cent of all export earnings. He noted that while exports of sisal fibres from his country faced duty-free treatment, sisal products were still dutiable. This same point was made by the representative of the Philippines in connection with abaca and abaca products. While tariff treatment for raw abaca was quite favourable abaca products still faced positive tariffs. He added that his country would submit a request list on abaca products in the near future.

3. The representative of Sri Lanka expressed appreciation for the suspension of the duty in Austria affecting the product for which he had made a request. He hoped that his country's request for GSP duty-free treatment on "other textile fibres" addressed to Switzerland would also be met because it appeared not to cause difficulties for the Swiss industries concerned. Appreciating the addition of jute and hard fibres to the consultations, the representative of Thailand stated that their requests addressed to Japan for m.f.n. duty-free treatment on jute products were unlikely to cause serious problems for the Japanese industries concerned. He informed that bilateral consultations were taking place on the matter with Japan.

Progress reported by delegations

- | | | |
|----------------|---|---|
| <u>Austria</u> | - | 5704B1A coir fibres, prepared, dyed, etc. unbacked - m.f.n. duty has been temporarily suspended (Sri Lanka requested GSP duty-free). |
| <u>EEC</u> | - | various jute products - with effect from 1 January 1984, quantitative restrictions previously maintained by some EEC countries on jute products as indicated in COM.TD/W/400, pages 22 and 23, have been eliminated in accordance with EEC's commitments with two major suppliers of jute products, Bangladesh and India. |
| <u>Japan</u> | - | Improvements in the special tariff treatment for the least-developed countries (LDC) within the framework of GSP, effective 1 April 1984. |

- (a) CCCN 5710 woven fabrics of jute or of other textile bast fibres.
 - A special duty-free treatment for least-developed countries has been extended to this item. However, ceiling limitations continue to apply to this item.
- (b) CCCN 5904. 1-4 twine, cordage, ropes and cables and CCCN 6103 sacks and bags, of a kind used for the packing of goods.
 - Ceiling-free treatment has been granted for the least-developed countries. (GSP: 0 per cent under ceiling). As a result, these two items have been removed from the list of exceptions from special treatment for least-developed countries.
(Cf. Spec(84)22)

- Increases of GSP ceilings for the 1984 fiscal year
 - (a) CCCN 5710 woven fabrics of jute or of other textile bast fibres - 50 per cent.
 - (b) CCCN 5904. 1-4 twine, cordage, ropes and cables - 30 per cent.
 - (c) CCCN 6203 sacks and bags, of a kind used for the packing of goods - 10 per cent.

New Zealand - 5802.011 coir mats and mattings - quantitative restrictions (licensing requirement) have been removed for the 1984-85 licensing year.

United States - TSUS 30530 jute yarns and roving, plied

- Bangladesh has been redesignated as a GSP beneficiary as of 30 March 1984.

Other reactions to some specific requests

United States

- Bags, sacks, etc. of vegetable fibres, except of cotton (38550): GSP or LDC zero per cent.
 - The representative of the United States indicated that while this item had never been the subject of a formal GSP review, it was unlikely that the United States would consider it for GSP status. The item was looked at when considering the Caribbean Basin Initiative and it was excluded.
- Woven fabrics of jute (33550): m.f.n. zero per cent.
- Coir floor coverings pile (36035): m.f.n. zero per cent.

- Jute floor coverings pile (36036): m.f.n. zero per cent.
 - All three items benefit from duty-free treatment under the GSP since 1976, but will take note of request for m.f.n. duty-free treatment.
- Woven fabrics of vegetable fibres (33555): m.f.n. zero per cent
 - Will take note of request, but stress that the United States Administration has no negotiating authority at the present time.
- Sisal or henequen cordage, standard (31540): GSP inclusion or LDC duty-free treatment.
 - This item was subject to a full examination during the 1978 GSP product review at the request of another country, but was denied GSP inclusion. A re-examination of this item is unlikely since the United States Congress excluded this item, being among the statutory textile exclusions, from coverage under the Caribbean Basin Initiative.

Austria

- Requests on various jute products for GSP or LDC duty-free treatment
 - Jute products fall within a sensitive textile sector and therefore Austria has been unable to reduce GSP or LDC rates. It should be noted that the application of Austrian GSP and LDC rates is not subject to quantitative limitations. The reduction of these rates might make it necessary for Austria to introduce GSP quotas.

New Zealand

- Various requests for GSP or LDC tariff action and for the removal of quantitative restrictions.
 - It is difficult to respond to specific requests at this time as a review of the textile industry plan is currently underway. However, the requests will be considered during the course of this review.

Switzerland

- Other vegetable textile fibres (5704.3000): GSP zero per cent.
- Bags and sacks of jute (6203): GSP zero per cent.
- Carpets, rugs, etc. of other textile materials, n.e.s. (5802.52): GSP zero per cent.
 - Switzerland has adjusted its GSP rates to the reduction of m.f.n. rates as a result of the Tokyo Round. Duties on these items are quite small anyway.
- Woven fabrics of jute (5710): GSP zero per cent and removal of tax.

- Coir carpets, rugs, mats and mattings (5802.50): GSP zero per cent and removal of tax.
 - No specific tax is applied. The requesting country might have referred to the general turnover tax. An official of the Federal Government has undertaken a study on promotion of jute products.

EEC

- Woven fabrics of jute or bast fibres (5710 A I, A II, A III, B): Removal of administrative entry procedures and m.f.n. zero per cent.
- Other carpet, carpeting, etc. (5802 A I, A II): m.f.n. zero per cent.
- Sacks and bags of jute (6203 A I, A IIa, A IIb, A IIc): m.f.n. zero per cent.
 - Would like to seek clarification regarding the reference to administrative entry procedures. The request for m.f.n. zero per cent, instead of duty-free GSP treatment, will be communicated for discussion to Brussels.

Finland

- Other carpets, with surface of jute, abaca, etc. (5802 091): LDC zero per cent or GSP inclusion.
- Woven fabrics of jute (5710): GSP zero per cent.
- Mats and matting with surface of coir (5802.95B): GSP zero per cent.
 - Requests for inclusion of products in the Finnish GSP scheme are considered on an annual basis in a GSP review process. Requests on jute and hard fibres were received too late to be included in this years review but they will be given due consideration. Certain jute products are already included in the Finnish GSP scheme. The possibilities for further expanding the GSP coverage with respect to these items are rather limited as any additional inclusions are likely to meet resistance from domestic industries.

Japan

- Yarn of jute or other bast fibres (5706): GSP zero per cent without ceiling and removal of non-tariff measures; m.f.n. zero per cent.
 - The jute yarn industry in Japan is very small and not very competitive. On the other hand, since some least-developed countries are presently quite competitive in this product, Japan is unable to reduce the LDC rate to zero per cent. As regards the non-tariff measures mentioned by one requesting country, Japan is willing to discuss any problem bilaterally.
- Coir mats and mattings (5802): m.f.n. zero per cent.
 - Since the GSP rate on this item is already zero per cent and the administration of the ceiling is flexible, GSP beneficiaries should not encounter any tariff problems.

- Woven fabrics of jute or other bast fabrics (5710): GSP zero per cent and LDC zero per cent without ceiling.
 - Unable to reduce the GSP to zero per cent in light of the difficulties faced by the domestic industry. (See also "progress reported by delegations" above.)
- Twine, cordage, ropes, etc. (5904): LDC zero per cent without ceiling; GSP zero per cent without ceiling; m.f.n. zero per cent.
- Gunny bags and sacks (6203): m.f.n. zero per cent.
 - Because of the difficulties faced by the domestic industry, these items are under ceiling quotas. (See also "progress reported by delegations" above.)

Australia

Soon after the consultations, the delegation of Australia provided the following responses to requests made by Bangladesh.

- 5706 Yarn of jute or other textile bast fibres
 - M.f.n. rate of 20 per cent and GSP rate of 10 per cent were implemented on 1 July 1982 following an IAC enquiry into miscellaneous textiles products. In recent years Bangladesh has been the second largest supplier after India. Australia wishes to retain a small capacity to manufacture yarn of this type and the above rates represent the level of assistance necessary to achieve this aim.
- 5904.9 Twine, cordage etc.
 - There is a GSP duty-free quota of \$A 90,000 for this tariff item. Importers holding quota may import duty-free: Imports outside quota are dutiable at 20 per cent m.f.n. rate. As the Australian industry is a sensitive area the alternative to a GSP quota would be removal of the preference.
- 5906 Other articles of yarn, etc.
 - There is a GSP quota of \$90,000 at 5 per cent. Imports outside the quota are dutiable at 30 per cent m.f.n. rate. The comments on the above item applies to this item.
- 6203.9 Jute sacks and bags.
 - Supply of woolpacks in Australia is usually sourced wholly from overseas. Australia imports around four million woolpacks annually. The share of woolpack imports manufactured from jute has fluctuated in recent years, mainly as a result of price differentials with synthetic woolpacks, quality and technical problems, not as a result of a quota system set by a centrally co-ordinated woolpack pool as claimed by Bangladesh. There is a national woolpack pool which purchases from overseas suppliers about 80 per cent of Australia's requirements for both synthetic and jute woolpacks. This pool purchases solely on commercial and marketing factors and does not allocate quotas between jute and

synthetic woolpacks, as claimed by Bangladesh. The selling of woolpacks within Australia is not centrally handled by the pool, and prices for jute and synthetic woolpacks vary both from state to state and among wholesalers.

While since 1976/77 the share of woolpack imports manufactured from jute has generally been maintained at around 30 per cent, a substantial drop to 14 per cent occurred in 1980/81. This fall was the result of over-ordering of synthetic packs in 1980 after synthetic woolpack manufacturers had been unable to service a number of orders in 1979, and a change, favourable to synthetics, in the price differential between jute and synthetic woolpacks. Jute woolpacks regained their share in 1981/82 recovering to 33 per cent of woolpack imports, but declined again in 1982/83 to 20 per cent of imports. Reasons for this decline are understood to include a price disadvantage for jute woolpacks which essentially resulted from two factors:

(a) Sea freight rate discounts dependent on maximum utilization of containers have encouraged the development of the super density three-bale compactor. The high pressures exerted upon the restraining bands when the tri-pack is released sometimes caused the bands to cut through the old style jute packs. Consequently new standards have been introduced for imported jute woolpacks which require the packs to have reinforced bottoms and stronger sides. This added to weight and therefore to production and handling costs of jute packs.

(b) Technical innovations in weaving created surplus obsolete looms which were nevertheless suitable for woolpack manufacture. The consequent increased supply of synthetic packs tended to depress prices of the synthetic product.

More recently there have been indications that the price advantage which synthetic woolpacks held over jute during much of 1982/83 has declined and may even have reversed. A series of raw material price increases have forced the import costs of synthetic packs up significantly over the past twelve months and while jute pack prices have also increased they have done so at a slower rate.

Regarding the claim that Australian wool corporation standards and specifications place jute at a disadvantageous practice in comparison to synthetics, the Department of Primary Industry advises that while there are different standards applying to jute and synthetic woolpacks, this is necessary for the reasons set out in paragraph (a) above and there is no intentional discrimination against jute.

2. COFFEE AND COFFEE PRODUCTS

Additional progress reported by delegations

Austria

- 2102A - Solid coffee extracts, in single packings containing over 1 kg. - GSP rate will be reduced from 10 per cent to 6 per cent with effect from 1 January 1985.

Additional reactions to some specific requests

Finland

- 0901 Unroasted and roasted coffee and 2102 coffee extracts: GSP inclusion, m.f.n. duty-free treatment or LDC duty-free treatment.
- The representative of Finland stated that no turnover tax was levied in Finland on coffee products. This tax or the absence of it was more important than any tariff reduction since the turnover tax rate of 19.05 per cent was much higher than the import duties on which requests had been made.
- Item 2102 already enjoys a duty-free LDC treatment. (See Spec(83)55/Rev.1, page 9).

Japan

- Unroasted coffee: elimination or reduction of internal selective tax.
- Roasted coffee beans: 10 per cent GSP treatment, and elimination of internal selective tax.
- Instant coffee: inclusion in GSP with 9 per cent treatment, or 9 per cent m.f.n. bound rate; elimination of internal selective tax.
- Extracts, essences or concentrate of coffee: duty-free LDC treatment.
- The internal taxes on unroasted coffee beans and instant coffee are applied equally to both imported and domestic products and formed part of taxes on table beverages which include items such as fruit juices and soda water. The elimination of those taxes on coffee would create an imbalance in the tax system and for this reason it would be difficult to accede to the request.
- Note has been taken of the new request for duty reduction on roasted coffee. However, at present it might be difficult for the request to be met.

EEC

- Unroasted coffee, not freed of caffeine: m.f.n. duty-free, duty-free GSP treatment and elimination of internal selective tax.
- Unroasted coffee, freed of caffeine: GSP reduction from 9 to 4 per cent, elimination of internal selective tax.

- Roasted coffee not freed of caffeine: GSP reduction from 12 to 6 per cent, elimination of selective internal tax.
- Coffee substitutes containing coffee in any preparation: duty-free GSP treatment.
- Coffee skins: GSP reduction from 8 to 4 per cent.
- Coffee extracts: reduction of m.f.n. duty from 18 to 9 per cent bound, duty-free GSP treatment, elimination of internal selective tax.
- Referring to a series of commitments made during the Tokyo Round by a number of EEC member States with regard to selective internal taxes on certain tropical products, the EEC representative pointed out that these commitments had been maintained and were still valid. While Belgium had since introduced new taxes on coffee, the Government of Belgium was giving serious consideration to giving undertakings regarding its taxes on coffee along the line of those made in the Tokyo Round.

3. COCOA AND COCOA PRODUCTS

Additional reactions to some specific requests

Canada

- Cocoa and chocolate preparations in powder form: duty-free GSP treatment.
- Preparations of cocoa and chocolate n.o.p. and confectionary coated with or containing chocolate: GSP improvement, duty-free GSP treatment.
- The representative of Canada stated that both requests were under active consideration. He noted however that in both cases GSP rates were lower than those provided under the Canadian GSP rate formula and were one-half or less of the m.f.n. rates. Moreover, the GSP rate on chocolate preparations had been reduced two and a half years ago from 10 per cent to 5 per cent.

Switzerland

- Cocoa powder unsweetened: duty-free GSP treatment, elimination of a contribution levy.
- It was stated that Switzerland was periodically reviewing its GSP scheme and that the requests had been taken not of.

4. TEA

Additional reactions to some specific requests

Japan

- Black tea, instant tea and tea extracts containing added sugar: GSP duty-free treatment.
- The representative of Japan stated that the GSP rate on black tea not put up for retail sale was already low at 2.5 per cent and that it was difficult for it to be further reduced since it competed with green tea production in Japan, which was presently facing difficulties due to sluggish demand.

New Zealand

- Tea in containers of a capacity of less than 9 kgs.: GSP inclusion, duty-free LDC treatment, elimination of quantitative restrictions.
- Tea extracts: duty-free GSP or LDC treatment.
- With reference to the progress reported in the last consultations (Spec(83)55/Rev.1, page 14), the delegation of New Zealand stated that tea extracts were exempt from licensing requirements.

EEC

- Tea and instant tea: elimination of selective internal tax.
- The representative of the EEC referred to the commitments made by EEC member States in the Tokyo Round regarding selective internal taxes on certain tropical products including tea, and said that they were still valid. He added that the arguments outlined by his delegation in the previous consultations concerning the consumption effects of internal taxes still applied.

5. CERTAIN OILSEEDS, VEGETABLE OILS AND OILCAKES

Additional progress reported by delegations

EEC

- In response to questions by the representatives of Brazil and the Philippines concerning the proposed internal tax on vegetable oils, the representative of the European Communities said that the proposal made by the Commission to apply a consumption tax on oils and fats except butter had not been retained by the Council of Ministers.

Japan

- 1507.810 palm oil - GSP rate has been reduced from 4 per cent to 3 per cent with effect from 1 April 1984.
- ex 1201.290 groundnuts not for oil extraction - import quota will be at minimum 55,000 metric tons for the fiscal years 1984 and 1985, respectively. About 60,000 metric tons would be allocated for the fiscal year 1985.

Additional reactions to some specific requests

Canada

- The requests submitted by Malaysia concerning refined and crude palm oil and by the Philippines concerning crude coconut oil.
- These requests are under active consideration.

United States

- 17820 hydrogenated or hardened oils, etc.
- The US representative reminded Brazil and India which had requested GSP duty-free treatment that the deadline for the submission of this request under the US domestic procedures was 1 June 1984.

EEC

- Palm oil and other tropical oils: GSP improvements.
- The EEC representative stated that the EEC import regime for vegetable oils was quite liberal and that there was a need to keep a better balance between the use of vegetable oils and animal fats. At present, it was not possible to improve the GSP treatment for palm oil, because palm oil imports into the EEC were increasing.

Sweden

- Elimination of import levies on groundnuts.
- Groundnuts for human consumption are not subject to import levy. It is not possible to exclude groundnuts for oil extraction from the application of import levy.

Finland

- Palm oil: m.f.n. tariff reductions.
 - The representative of Finland said that this product had a significant substitution effect with domestic fats and oils. Nevertheless, duty-free access or access under reduced duties could be obtained if certain conditions set by the government were met. At this stage neither m.f.n. bindings nor the removal of quantitative restrictions could be granted.
- Coconut oil: m.f.n. zero per cent.
 - GSP treatment for coconut oil is under consideration.

Australia

- Groundnut oil: GSP inclusion.
 - Due to the current review of Australia's system of tariff preferences, unable to make any commitments on this request. However, the request will receive due consideration in Canberra.

6. SPICES AND TROPICAL ESSENTIAL OILS

Additional progress reported by delegations

Austria Improvements of GSP and LDC treatment to take effect from 1 January 1985.

		<u>Action envisaged</u>
ex 0909 B1	Anis, fennel, coriander etc., unground	GSP duty-free
ex 0909 B2	Anis, fennel, coriander etc., ground, <u>not</u> in single packings containing 1 kg. or less	GSP 4% LDC 2%
ex 0910 B1 and B2	Saffron, unground and ground	GSP duty-free

EEC 0906 Cinnamon unground and ground - duty-free treatment under GSP has been granted with effect from 1 January 1984.

7. TROPICAL CUT FLOWERS

Additional progress reported by delegations

Canada

- Natural cut orchids: GSP rate reduced from 12.5 per cent to zero in April 1983.
(To replace the information indicated on page 24 of Spec(84)55/Rev.1 concerning progress made by Canada.)

Additional reactions to some specific requests

Finland

- 0603 Certain varieties of fresh cut flowers: GSP improvements and elimination of quantitative import restrictions.
 - The Finnish representative stated that these requests were being considered at present but the preliminary reaction indicated that further liberalization was unlikely at the present time.

EEC

- 0603.02 Cut natural orchids: GSP rate reduction.
 - This request could not be agreed to on account of the sensitive domestic market situation.

Switzerland

- 0603 Fresh cut flowers: GSP improvements and removal of seasonal restrictions.
 - Duties lower than bound rates are actually applied. Requests on orchids, etc. had been taken note of. Positive action is unlikely because of competition from low-priced imports.

United States

- 19218 Roses: GSP inclusion.
 - This request was previously considered but rejected on grounds of domestic sensitivity, so it is unlikely that this new request be treated differently.

Sweden

- ex 0603 Fresh carnations: inclusion in GSP.
 - This request is being considered along with other similar requests in the context of a review of GSP to be completed in 1985.

Norway

- 0603 Certain fresh flowers: GSP improvements and elimination of quantitative restrictions.
- These requests were under active consideration. A report is being examined at the political level.

8. TROPICAL PLANTS, VEGETABLE MATERIALS, LACS ETC., AND PRODUCTS THEREOF

Additional reactions to some specific requests

Japan

- 1303.6 Pyrethrum extracts: GSP inclusion.
- This request could not be favourably considered at the present time.
- 1207.12 Cube and 3104.1 (3) Colouring materials: relaxation of phytosanitary controls.
- These are importable products under the Plant Protection Law, details of which are available in a document for the Committee on Trade in Agriculture. However, imports have to comply with certain sanitation requirements when necessary.

EEC

- 0602 Foliage plants: GSP treatment.
- The EEC is prepared to study this request.

Canada

- 62200-2 Baskets of bamboo.
- 62200-3 Baskets of interwoven vegetable fabrics.
- 62305-1 Handbags of sisal, palm straw or cane straw.
- Requests for zero GSP treatment on these items are under active consideration.
- 62200-1 Trunks, valises, boxes, bags, etc.
- 62300-1 Musical instrument cases, etc.

- 62300-3 Purses, reticules.
- 62300-4 Portfolios, satchels, cord cases, etc.
 - Requests for zero GSP treatment on these items were considered but no action is possible at this time.
- 51901-1 Household furniture, n.e.s., of rattan and buri.
 - It was stated that the Canadian Government was looking further into the request from the Philippines on furniture made of rattan or buri but the prospects for action were not bright since Canada had a substantial industry in furniture which was presently facing difficulties.

9. BANANAS AND BANANA PRODUCTS

Additional progress reported by delegations

Japan

- GSP rate reductions for fresh bananas on 1 April 1984, as indicated below.

0801.110 Bananas, fresh	Up to March	From April
	1984	1984
April-September	GSP 25%	17.5%
October-March	GSP 40%	35%

(Cf. Spec(84)22)

Additional reactions to some specific requests

Finland

- 0801 Fresh bananas: quota increase (request by Colombia).
 - It is estimated that the saturation point for banana consumption in Finland has nearly been reached. The modification in the level of quotas is being considered.

New Zealand

- 0801.001 Fresh bananas.
 - In response to a question raised by the representative of the Philippines, the representative of New Zealand stated that banana imports were free of licensing requirements. (The representative of the Philippines requested that New Zealand liberalize its import monopoly on fresh bananas.)

10. TROPICAL FRUITS AND NUTS AND PRODUCTS THEREOF

Additional progress reported by delegations

Japan

- 2005-130 Global quotas on fruit puree and paste (excluding those of
-210 pineapples and certain temperate zone fruits) are to be
eliminated during the 1984 fiscal year. (Global quotas on
unliberalized items will be 2,000 metric tons for the fiscal
year 1984.)

- 2006-161 Global quotas on fruit pulps (excluding those of
-191 pineapples and certain temperate zone fruits)
-251 are to be eliminated during the 1984 fiscal year.
-295 (Global quotas on unliberalized items will be
increased to 2,000 metric tons for the 1984 fiscal
year.)

- 2007-119 Global quotas on juices of tropical fruits excluding
-129 pineapples are to be eliminated during the 1984 fiscal year.
-139 (Global quotas on unliberalized other juices will be
-149 increased for the 1984 fiscal year).

- 2006-111 Global quotas on canned pineapples are to be increased to
-119 900,000 cases for the fiscal years 1984 and 1985,
-210 respectively.

- 2006-261 Mixed fruit, fruit salad and fruit cocktail. The tariff
rate on this item has been temporarily reduced from 16 per
cent to 14 per cent with effect from April 1983.

Additional reactions to some specific requests

Nuts and nut products

Japan

- ex 0805 Macadamia nuts: GSP 0%.
 - Imports compete with nuts produced in areas where employment opportunities are limited. Japan is willing to have bilateral talks with Kenya.

Switzerland

- ex 0805 Macadamia nuts: GSP 0%.
 - It was stated that Switzerland was periodically reviewing its GSP scheme and that requests had been taken note of. (Kenya modified its request from m.f.n. 0% to GSP 0%.)

Finland

- Groundnuts in shell and shelled: m.f.n. binding or GSP or inclusion and QR elimination.
 - Domestic producers of oils and fats are sensitive to imports of this item and therefore additional concessions are difficult. Imports are duty-free under conditions stipulated by the government.
- 2006.709 Coconuts, Brazil nuts, cashew nuts, roasted: GSP inclusion and DL elimination.
 - Imports of Brazil nuts and cashew nuts from least-developed countries are given duty-free treatment.

Sweden

- 1201.1000 Groundnuts in shell: elimination of import levy (request by India).
 - Import levy is not applicable to groundnuts for human consumption; import levy on groundnuts for oil extraction is refunded on application to the Board of Agriculture.

New Zealand

- 0801 Dessicated coconut: removal of import licensing (request by the Philippines).
 - Dessicated coconut is exempt from import licensing.

Tropical fruit and fruit juices

United States

- 14175 Mango pickles: 0% GSP or m.f.n. (request by India).
 - Mango pickles do not fall under TSUS 14175, which covers pickled vegetables. TSUS 14808 might cover mango pickles. This request requires clarification.
- 15288 Other fruit pastes and fruit pulps: GSP 0% for tropical fruits.
 - This request from Peru requires clarification as to the varieties of tropical fruits that Peru wishes to be covered by GSP.

EEC

- Various requests in the tropical fruits sector.
 - Efforts would be made to improve the GSP to the extent possible.

Japan

- 0801-441 (not 411) and -451 Fresh mangoes, avocados and mangosteens: GSP 0% and relaxation of phytosanitary controls.
 - GSP rates on these items - 4 per cent - are already the lowest among those applicable to fresh fruits. Further GSP rate reductions are difficult. Phytosanitary regulations are aimed at preventing the entry of certain pests into Japan. Imports are not restricted if sanitation is established on the basis of technical and scientific data following a certain process of examination. Details are shown in AG/FOR/JPN.
- 0810-01 Papaya and avocados, preserved by freezing: GSP 0% and relaxation of phytosanitary controls.
 - It is difficult to respond to the request for GSP duty-free treatment because of competition with domestic fruits. See above comments on phytosanitary regulations.
- ex 2005, 2006 and 2007 Items in respect of which global quotas are to be eliminated or increased (see "additional progress" above) and certain other items.
 - It is difficult to respond to requests for the introduction or improvement of GSP at this moment in the light of the trade liberalization measures being taken in spite of domestic difficulties.

(Peru amended its requests to Japan on items 2007.139 and 149 by adding the words "for tropical products".)

Sweden

- 2007.603 Pineapple juice, unsweetened: m.f.n. 0% and removal of import tax.
 - GSP rate is already 0 per cent.
 - Import tax is very marginal and unlikely to affect imports.

New Zealand

- ex 2007 Certain tropical fruit juices: GSP 0% and elimination of QR.
 - Certain preferential margins are maintained for exports from developing countries belonging to the South Pacific Regional Trade and Economic Cooperation Agreement. Current licensing regime for fruit juice is liberal. Duty-free treatment approved by the customs authorities is available for certain fruit juices in bulk containers, including unsweetened passion fruit juice. Import licensing is retained for passion fruit juice to ensure that supplies from Niue are utilized before those from other sources.

- ex 0801 Fresh pineapples and mangoes: removal of import licensing.
 - These items are already exempt from import licensing.
- 2005 Fruit puree and pastes, etc. from tropical fruits: GSP 0% and removal of QR.
 - Due to extensive domestic production, it is difficult at present to respond to these requests positively. However, a general policy of liberalizing import licensing over the next few years might benefit these products.

Finland

- ex 2005: GSP 0% for tropical products and DL elimination.
 - May be able to do something in response to request for GSP inclusion.
- ex 2006 Pineapples, prepared or preserved: DL elimination.
 - Import licensing regime on these products is part of import licensing policy on agricultural products.
- ex 2007 Pineapple and other tropical fruit juices: elimination of QR and m.f.n. zero per cent.
 - In practice global quotas are very liberal. Consideration is being given to possible further increase in quotas. M.f.n. concessions have to be negotiated and cannot be granted unilaterally.

Austria

- ex 2006 and 2007: GSP inclusion or GSP 0%.
 - It is not possible to respond to previous requests by Brazil positively. New requests by Kenya will be given careful consideration.

11. TROPICAL WOOD AND WOOD PRODUCTS

Additional progress reported by delegations

Japan

- Advance implementation of Tokyo Round concessions on wood products falling within 13 CCCN headings, with effect from April 1984.
(Cf. Spec(84)22 for details).
- Increases in GSP ceilings with effect from April 1984.

- (i) GSP category No. 58 covering unspecified items under Ch. 44, including 4420, 4427.220 and 4413 (4) on which requests were submitted - an increase of 64 per cent.
 - (ii) 4409.2 drawn wood of bamboo - an increase of 30 per cent.
 - (iii) ex 4423 transom - an increase of 13 per cent.
 - (iv) 4423.2, 4404.2, 4405.2, 4413.2, 4405.4, 4414 and waribashi under 4424 - an increase of 10 per cent.
- 4414.100; 4414.290 wood sawn lengthwise and veneer sheets - since 1981 the administration of GSP ceilings has been flexible and thus all imports from GSP beneficiaries have been eligible for duty-free treatment.

Switzerland

- 4414.10 Veneer sheets and sheets for plywood - GSP zero per cent granted (The Philippines withdrew its request on the basis of this information.)

Additional reactions to some specific requests

Japan

- 4415.200 Laminated lumber: removal of GSP ceiling.
- The removal or increase of GSP ceilings is difficult at present.

Austria

- 4415 Plywood etc.: duty-free treatment.
- The representative of Austria stated that the requests were received only a few weeks before and were still being studied. He cautioned against optimism on the request, stating that Austria itself had a large forestry sector.

Canada

- 50075-1 Timber, lumber and mouldings of wood: duty-free treatment for tropical varieties.
- 50603-1 Hockey sticks: duty-free GSP treatment.
- 51500-1 Showcases of all kinds: duty-free GSP treatment.
- The above requests are under active consideration.
- 51200-1 Picture and photograph frames of any material: duty-free GSP treatment.

- 51901-1 Furniture of wood or other materials, etc.: duty-free GSP treatment.
- 50600-1 Manufactures of wood, n.o.p.: GSP rate reduction.
- 50715-1 Plywood of Philippine mahogany: m.f.n. 4% or GSP 0%.
 - There is no prospect of changing the rate because of the adverse effect it would have on domestic production.

EEC

In response to the question whether there had been any increase in GSP quotas for 9401 chairs and other furniture of wood, the representative of the EEC stated that the response would be given later bilaterally. Asked for a response to the other requests addressed to the EEC, the representative added, on a general note, that one should guard against false optimism with regard to possible action on the other requests. He explained that the degree of openness regarding market access for tropical products was already considerable and that the extra room for manoeuvres was not great at the moment.

12. NATURAL RUBBER AND RUBBER PRODUCTS

Additional progress reported by delegations

New Zealand

The representative of New Zealand stated that the response given at the November 1983 consultations was by way of an advanced reading of what the government's decision was likely to be. Since then the government had formally announced the decisions of the rubber group industry plan very much along the lines of the response given last November (page 44 of Spec(82)55/Rev.1). Basically the plan which took effect from 1 January 1984 provided for a tariff review on rubber products after three years of import licence tendering, as well as for tariff reductions on raw material inputs. He added that beyond this brief summary it was difficult to go into any greater details but if there were any specific queries he would be willing to follow them up.

The representative of New Zealand provided the following indications in the 1983 consultations.

Pre-vulcanized rubber, (4001.001): would be duty-free on an 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.

Additional reactions to some specific requests

Canada

- 61800-1 Rubber articles: duty-free GSP treatment.
- 61815-1 Inner rubes and tyres: duty-free GSP treatment.
- 61815-2 Other tyres and tubes: duty-free GSP treatment.
- The representative of Canada stated that unfortunately his country was unable to grant any of the requests because of the serious difficulties being faced by the rubber industry in Canada which had led to rationalization of its whole production. The items on which requests had been made were particularly sensitive at present.

13. TOBACCO AND TOBACCO PRODUCTS

Additional progress reported by delegations

Japan

The Tobacco Business Bill has been submitted to the Diet to abolish the tobacco monopoly system, to liberalize the importation and wholesale business of manufactured tobacco, and to improve the distribution system for manufactured tobacco.

Additional reactions to some specific requests

Canada

- 14400-1 Cut tobacco, 14450-1 snuff tobacco, 14305-1 cigars: GSP inclusion.
- These requests are under active consideration.

United States

- 170.10 Wrapper tobacco: 0% GSP or m.f.n.
 - This item has been included in the GSP since March 1982. (Cf. Spec(83)55/Rev.1, page 45).
- 170.60 Scrap tobacco: zero per cent GSP or m.f.n.
 - Inclusion in the GSP was denied in 1976 for domestic sensitivity reasons and the situation has remained unchanged. Major exporters are Brazil, Indonesia, the Philippines and the Dominican Republic.

EEC

- ex 2401A Virginia tobacco: increase of GSP quota.
- In 1983 the GSP quota increased in the Tokyo Round was not fully utilized. The import regime for tobacco is being examined and the results will be published next year in an EC Official Journal.

14. MANIOC AND OTHER TROPICAL ROOTS, AND PRODUCTS THEREOF

The representative of Thailand said that bilateral consultations would be held with Japan with regard to imports of tapioca flour where a technical problem has arisen because imports were classified under CCCN 1108 while exports were classified under CCCN 1106.