

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

MDF/3

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PROBLEMS OF TRADE IN CERTAIN NATURAL RESOURCE PRODUCTS

Progress Report by the Chairman of the Working Party

1. The Working Party on Trade in Certain Natural Resource Products was established by the Council on 13 March 1984, in accordance with the relevant decision adopted at the Ministerial Meeting of the CONTRACTING PARTIES in 1982 (BISD 29S/20).
2. Pursuant to its terms of reference, which are set out in document L/5652/Rev.1, the Working Party is required to submit a progress report covering the three product areas under its examination (namely: (a) non-ferrous metals and minerals, (b) forestry products, and (c) fish and fisheries products) to the fortieth Session of the CONTRACTING PARTIES in November 1984.
3. Accordingly, the Working Party has authorized me, in my capacity as Chairman and on my own responsibility, to make a progress report to the Council and the CONTRACTING PARTIES, as follows:

4. At its first meeting, held on 3 May 1984, the Working Party discussed organisational points and agreed on a timetable for its work providing, inter alia, for a separate series of meetings for each product area.

 - (a) Non-ferrous metals and minerals
5. The Working Party held its first meeting on 25 June to examine problems affecting trade in non-ferrous metals and minerals in general and to determine a programme for the Working Party in this field. This meeting was followed by a discussion on zinc and lead which took place on 28 and 29 June. The Working Party further met on 1 November to address problems affecting trade in copper. The various points raised during these discussions have been summarized and circulated in document MDF/1, MDF/2 and MDF/W/18.
6. Background studies contained in documents Spec(83)30/Rev.1, Spec(83)51/Rev.1 and MDF/W/10 and Addenda prepared by the secretariat formed the basis for the examination. It was decided that the studies in the first two of these documents be updated and reissued incorporating the revisions made by the members of the Working Party.

7. From the discussions so far the following problems falling under the competence of the General Agreement relating to tariffs, non-tariff measures, and other factors affecting trade in non-ferrous metals and minerals including in their semi-processed and processed forms have been raised:

- On the tariff side: remaining m.f.n. tariffs for m.f.n. suppliers; the exclusion of certain m.f.n. tariffs from the Tokyo Round tariff cuts; non-coverage or coverage limitations of certain GSP schemes for GSP suppliers; tariff escalation.
- With respect to non-tariff measures: it was noted that several countries apply to trade of certain non-ferrous metal products import and export prohibitions, licensing, marks and certificates of origin. Moreover, other non-tariff measures were identified which do or may affect trade flows, such as procurement practices, fiscal measures, stockpiling, pricing practices, governmental and intergovernmental grants and loans.

8. Some concern was also expressed about import demand elasticities and the possible effects of recent national trade legislation requiring the negotiation of voluntary restraints on copper.

9. The points raised above will be further examined in the Working Party, which will continue its work on non-ferrous metals and minerals covering nickel, tin and aluminium in the course of 1985.

(b) Forestry products

10. Matters relating specifically to trade problems in the forestry products sector were taken up by the Working Party at meetings held on 26 June and 19 September 1984.

11. For its work relating to problems of international trade in forestry products, the Working Party had before it a background study by the secretariat (Spec(84)13, Add. 1 and Corr. 1). The Working Party also had before it information and position papers circulated in documents MDF/W/1, MDF/W/3 and MDF/W/8.

12. Notes on the proceedings of the two meetings, as they relate to forestry products, were circulated in MDF/W/2 and MDF/W/16. The background study by the secretariat will be reissued, as amended, so as to reflect a number of corrections and the comments made by delegations.

13. This progress report lists the key problem areas addressed so far which are likely to require further attention by the Working Party and to be among those to be taken up in the final report.

14. From the discussions so far it appears that problems or difficulties are perceived with regard to remaining m.f.n. tariffs for m.f.n. suppliers, non-coverage or coverage limitation of certain GSP schemes for GSP suppliers, tariff escalation, complexities in tariff rate structures and certain customs formalities.

15. In regard to non-tariff measures there exists some concern over the actual or potential trade limiting effects of quotas, phytosanitary measures and technical standards. It has been suggested that these measures should be the subject of consultations and, if necessary, continuing attention. Certain other non-tariff measures which do, or may, affect trade flows, such as procurement practices, tax treatment, testing requirements, and fees, have also been mentioned as requiring further clarification, at least, as to their scope and impact.

16. The various tariff and non-tariff measures which I have just mentioned are not intended to provide an exhaustive listing. Clearly, other factors may also have an important bearing on actual trade flows and potential trade development. Given the fact that the forestry resource sector requires particularly long planning periods, a number of delegations have stressed the importance of avoiding uncertainties stemming from economic and trade policy decisions and actions. On the other hand, the forest industries are also the subject of major and often swift technological developments, not all of which are adequately reflected in the existing trade policy instruments; this is also a matter which the Working Party may wish to take up.

17. While there may be some differences in regards to the relative importance attached by different delegations in dealing with one or the other of these issues or problems, it appears that all delegations agree that these matters merit attention at one or another stage of the work, either in the Working Party itself, or in other GATT contexts.

18. There remain some differences of view as to the exact scope and definition of the forestry products sector and consequently of the work to be carried out by the Working Party. There may be a variety of reasons for these differences, but one reason may be that, depending on the ownership structure and the degree of vertical integration from the forest resource to the industry or industries processing these resources - which are different in different countries -, delegations have different perceptions of what constitutes the forestry products sector.

19. These differences of view notwithstanding, it may be noted with satisfaction that all members of the Working Party have joined in examining some of the fundamental issues and problems and have made a useful beginning in the work. In my capacity as Chairman, I intend to consult informally, in advance of the next meeting, with interested delegations, with a view to exploring how differences, including the question of the scope of the documentation, might be overcome and how the mandate given to the Working Party can best be implemented. While the exact date of the next meeting remains to be determined, present intentions are to reconvene the Working Party, insofar as the work relates to forestry products, in February or March 1985.

(c) Fish and fisheries products

20. Matters relating specifically to trade problems in fish and fisheries products were taken up by the Working Party at meetings held on 27 June, 20 and 21 September 1984.

21. For its work relating to problems of international trade in this product area, the Working Party had before it a background study by the secretariat circulated in document Spec(84)7, and Addenda 1 and 2. The Working Party also had before it information and position papers circulated in documents MDF/W/1, MDF/W/2 and MDF/W/5.

22. The Working Party has carried out a detailed review of the background study by the secretariat. In the light of such review, it was agreed that the study and its Addenda would be reissued, as amended, so as to reflect a number of factual corrections and the comments made by delegations. In this connection, I should also note that it is likely that the documentation before the Working Party will be supplemented by additional documentation resulting from proposals for further work in areas of major concern.

23. The Working Party has also proceeded to an exchange of views of a more general character with the aim of better identifying the main issues confronting international trade in fish and fisheries products. The views expressed were generally aimed at bringing into closer focus those problems falling under the competence of the General Agreement that would require further attention by the Working Party and which should be among those to be addressed in the final report.

24. The various points raised during the discussion have been summarized and circulated in documents MDF/W/4 and MDF/W/17.

25. From the discussion so far, as reflected in the two above-mentioned documents, it would appear that significant differences of views continue to exist with respect of some of the issues before the Working Party. These differences of views notwithstanding, it is to be noted with satisfaction that most members have joined in examining some of the fundamental problems in this product area and have made a useful beginning in the work. In my capacity as Chairman, I intend to consult informally, in advance of the next meeting, with interested delegations with a view to exploring how present differences might be overcome and how the mandate given to the Working Party can best be implemented.

26. While the exact date of the next meeting remains to be determined, present intentions are to reconvene the Working Party, insofar as the work relates to fish and fisheries products, early in the spring of 1985.