

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG6/3

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Group of Negotiations on Goods (GATT)

Negotiating Group on Tropical Products

NEGOTIATING GROUP ON TROPICAL PRODUCTS

Meeting of 3 July 1987

Note by the Secretariat

1. The Negotiating Group on Tropical Products held its third meeting on 3 July 1987 under the Chairmanship of H.E. Ambassador S. Coulibaly (Côte d'Ivoire), Vice-Chairman of the Group.
2. The Group adopted the agenda set out in GATT/AIR/2440 dated 17 June 1987.

Agenda item A: Compilation of background material for negotiations

3. The Group had before it a number of documents circulated since its last meeting. These included a note presenting the tariff classification of tropical products according to the Harmonized System (MTN.GNG/NG6/W/5), a draft synopsis of the commercial policy situation affecting seven product groups (MTN.GNG/NG6/W/6) and draft background material for negotiations on two product groups, jute and hard fibres (MTN.GNG/NG6/W/4) and spices, flowers, plaiting products, etc. (MTN.GNG/NG6/W/7). It was pointed out that these documents contained provisional data and were subject to verification by delegations.
4. A number of participants expressed appreciation for the documentation prepared by the secretariat. However, they noted that the documents had only recently been made available and, therefore, they were not in a position to make detailed comments on their content. Some participants made suggestions in regard to additional information to be included in the documentation.
5. Several representatives reiterated the view that the scope of the background material should be broadened to include all significant markets for trade in tropical products. They emphasized that documentation should cover information from all participants in these multilateral negotiations. The view was also expressed that there were a number of emerging markets both in developed and developing countries and that without a global picture of trade in tropical products it would not be possible to carry out proper negotiations. One representative said that his government was interested in obtaining a global picture in order to establish individual priorities in negotiations. Some other participants stressed the importance of greater transparency to the conduct of trade negotiations and noted that this concept applied to all participants.

6. A number of other representatives considered that the present country coverage in the documentation was sufficient to give effect to the objectives of the Ministerial Declaration. They recalled that the area of tropical products had been of primary interest to developing countries since the Kennedy Round and that according to the Negotiating Plan the Group should focus on improving market access for products exported by developing countries to developed countries. Some of these representatives pointed out that developed countries would benefit from the reduction of trade barriers agreed upon in other areas, in exchange for concessions on tropical products. One representative stated that, given the priority nature of negotiations in tropical products, if developed countries were planning to make requests they should do so expeditiously.

7. The Group took note of the views expressed and agreed with the suggestion made by the Chairman to hold further informal consultations before the next meeting with a view to reaching an agreement on this subject.

Agenda item (B): Submission of initial proposals and other inputs by participants aimed at achieving the agreed objectives of negotiations in this area

8. The Chairman recalled that at its second meeting, the Group had some discussion on the question of techniques and modalities for negotiations on tropical products. He also recalled that the Group was expected to reach an agreement on this issue in the initial phase so that substantive negotiations could proceed as early as possible in 1988.

9. The representative of Sri Lanka introduced a submission made by his country together with Bangladesh, Colombia, Cuba, Egypt, India, Nigeria and Pakistan containing an initial list of tropical products of export interest to the submitting countries, for which they intended to seek the fullest trade liberalization in the framework of negotiations on tropical products (document MTN.GNG/NG6/W/8). Several other representatives welcomed the submission of this proposal and expressed readiness to examine it carefully and revert to it at the next meeting. Some of these representatives considered that the list submitted might provide a useful starting point in negotiations. One representative said that her authorities were still examining her country's export interests in the tropical products area and that a list of export interests might be presented at a later stage. Recalling that in the 1982/84 consultations on tropical products developing countries submitted request lists another representative stated that the request list submitted by his country was still valid. The representative enquired whether the countries to which such lists had been addressed at the time of the 1982/84 consultations could provide in the Group their reaction to the requests made.

10. The representative of Malaysia on behalf of the ASEAN countries circulated their previous proposal concerning the harmonization of tariffs on tropical products in developed countries at the lowest level of duty

prevailing in those countries. He also pointed out that the proposal was now expanded to cover non-tariff measures as well (document MTN.GNG/NG6/W/9). The representative also made available an initial tentative list of specific tropical products of export interest to ASEAN and reserved the right to revise it further. Several delegations welcomed the submission in writing of the proposal by ASEAN countries and reserved their right to revert to it at the next meeting of the Group after careful examination. One representative noted that the list of products submitted by ASEAN countries included some products which in his view could not be considered as tropical products.

11. Another representative put forward some ideas which might serve as the basis for a subsequent proposal by his country before the next meeting of the Group. He proposed a three-pronged approach: a) zero tariffs for unprocessed products; b) reduction of tariff escalation on semi-processed and processed products; c) reduction of non-tariff measures. Under such an approach, both the request/offer procedure and multilateral formulae could be used to achieve the objectives with regard to unprocessed and processed products, together with a request and offer procedure for non-tariff measures. As far as the time-table was concerned the Group should bear in mind the commitment to early results in this area of negotiations, given its importance to developing countries and the fact that it was an area where there seemed to be relatively fewer obstacles to liberalization although sensitive problems still existed. He added that if a multilateral approach were to be adopted towards tariff reductions, an agreement on procedures might perhaps be possible within eighteen months. Similarly, if bilateral tariff and NTM negotiations were decided upon, it should be possible for these to get underway in 1988 with the objective of completion within eighteen months or so. Implementation of whatever measures were agreed could be phased-in over a period of years. The representative stressed that the widest possible participation in negotiations was required in order to ensure shared benefits and commitments. His country was prepared to further contribute to liberalization of trade in tropical products even though it had already undertaken important liberalization measures.

12. The representative of a group of countries said that internal preparations were continuing with the view to submitting to the Group specific proposals aimed at achieving the negotiating objective in this area of negotiations. The representative emphasized that these negotiations should be truly multilateral in order to ensure fullest liberalization of trade in tropical products. The benefits as well as the burden of trade liberalization should be shared by all participants. While acknowledging that not all participants had the same level of development and that this fact should be taken into account, the representative said that success in negotiations required "give and take".

13. One representative requested that the statement made by his delegation in the Negotiating Group on Tariffs be circulated in the Negotiating Group on Tropical Products since it contained suggestions relevant for the tropical products area as well.

14. Commenting on techniques and modalities for negotiations, some participants reaffirmed their preference for request and offer procedures. To them, this procedure was the most appropriate since it allowed negotiations to take into account specific situations with regard to import régimes in individual countries. Some other participants pointed out that request and offer procedures would not deal adequately with certain problems such as tariff escalation. These representatives suggested that the question of how to deal with tariff escalation be examined at the next meeting of the Group.

15. One representative speaking on behalf of several participants recalled the suggestion made by him at the second meeting of the Group concerning the submission of requests in the second half of 1987 so that negotiations could proceed as early as possible in 1988 as stipulated by the Negotiating Plan. He added that he saw some merit in the procedure of offers and negotiations suggested at the second meeting of the Group by a group of participants in that it helped to put in motion the process of negotiations. The representative also expressed the view that the Group should use several techniques and modalities in negotiations rather than relying on a single one. He recalled that the GSP might be a useful instrument for liberalization of trade in this area, and emphasized that the techniques and modalities which would be selected for negotiations should take fully into account the trade interests of least-developed countries. Finally, he said that the countries represented by him had already implemented a liberal import régime for tropical products and expressed hope that other participants would do the same.

16. Several participants restated the view that there should be the widest possible participation in negotiations in this area. Other representatives emphasized that mutuality of concessions should not be sought in individual areas of negotiations but in negotiations as a whole on the basis of the provisions of the Enabling Clause as reaffirmed by the Ministerial Declaration on the Uruguay Round. Representatives of several developed countries responded that the concept of wide participation did not necessarily involve reciprocity within the same sector, but should be seen in the broader context of negotiations in the Uruguay Round as a whole. These representatives considered that the attainment of the negotiating objective in the tropical products area would depend largely on the involvement of all participants in the negotiating process of the Uruguay Round.

17. The Group took note of the views expressed and decided to revert to this item at its next meeting. Delegations were invited to submit further contributions for the next meeting.

Agenda item (C): Observer organizations

18. The Group took note that in accordance with the decision taken by the TNC on 3 July 1987 the FAO would attend the formal meetings of the Group during the initial phase.

Agenda item (D): Other business, including arrangements for the next meeting of the Negotiating Group

19. The Chairman recalled the agreement reached by the GNG on 26 June 1987 that each Negotiating Group should be asked to indicate its needs in terms of meeting time, formal and informal, between its third meeting and the end of 1987, in order to complete the Initial Phase of the Negotiating Plan. He suggested that the next meeting of the Group be held in the third week of October 1987, at a date to be fixed by the GNG. One delegation requested that the Negotiating Groups on Natural Resource-Based Products, on Agriculture, and on Tropical Products meet at longer intervals in order to enable experts from the capitals to prepare adequately for all these meetings. The representative of a group of countries recalled the importance attached by him to coordinating the dates of meetings at the level of the GNG. He added that his delegation estimated that the Group would need about ten meeting days to complete the initial phase of its work. Another delegate considered the suggestion to hold the next meeting of the Group during the third week of October 1987 as useful.