

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

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Negotiating Group on Tropical Products

PROPOSAL BY THE EEC

The following communication, dated 14 October 1987, has been received from the European Communities with the request that it be circulated to the members of the Group.

STATEMENT BY THE EUROPEAN COMMUNITIES AT THE FOURTH SESSION  
OF THE NEGOTIATING GROUP ON TROPICAL PRODUCTS

1. This Negotiating Group is now holding its fourth session. As a Group, we can say that we have carried out useful work that is in accordance with the initial phase of the negotiating plan. The secretariat has supplied recent, useful data concerning markets, trade, production and import measures for five of the seven groups of tropical products identified in our earlier work. For the future, it would nevertheless be necessary for the geographical coverage of this information to be widened.

The Group has easily kept up a pace of work comparable to that of the other groups, but it is hard for us to claim today that we have suitably managed to give tropical products the special attention called for by the Punta del Este Declaration.

The Community has often repeated its commitment to that Declaration, and it intends to translate its political undertakings into specific, practical action.

2. As you know, the Community has been very active as regards tropical products in recent months, even if that activity has focused essentially on the internal level. We have devoted a considerable amount of energy to a thorough analysis of our policies in order to identify the best possible response to the appeal launched at Punta del Este with a view to rapid negotiations on tropical products. Thus, we have examined, product by product, the entire range of products identified as tropical.

3. We do not wish to be alone in this effort. We therefore asked other contracting parties to undertake their own review processes so as to submit proposals to this Group.

So far we have had submissions only from two groups of developing countries. These proposals can only be assessed from the standpoint of earlier work in GATT. In that light, it would seem that the only conclusion must be that neither of those submissions can enable progress to be made in the negotiations.

Similar proposals have in the past led to a deadlock which should be avoided today. I am happy to be able to say that our process of review, formulation of ideas and internal consultation is now completed, and I am in a position to present the outcome of that work. I do so in the hope and expectation that the Community's action will give rise to the necessary conditions for substantive negotiations in this sector.

I must point out in passing that this process has been particularly difficult for the Community, firstly because we have substantial production and processing capacity within the Community itself, and also because we have associated countries, comprising the majority of the least-developed countries, for whose economies such products are highly important.

4. In drawing up our proposal we have been alive to the need to seek the fullest possible liberalization of trade in tropical products, both in their unprocessed state or after stages of processing, in both tariff and non-tariff areas. The offer I am placing before you today covers all products identified by GATT, with the exception of those too directly linked to agricultural policy and a small number of products for which we have found unsurmountable difficulties at this stage. You will understand that tropical products which are direct substitutes for products of the Community's temperate areas can only be negotiated in the wider framework of the agricultural negotiations. We had no choice but to leave out such products for the time being. The coverage of our offer is spelt out in the document which I have requested the secretariat to circulate today.

5. On the tariff side, our orientation envisages the possibility of abolishing or reducing tariffs on a wide range of products in their unprocessed state, a significant reduction for semi-finished products, and a tariff reduction of up to 50 per cent for finished products. On the non-tariff side, we propose:

- the gradual elimination of virtually all quantitative restrictions on tropical products;
- the gradual reduction or elimination of consumption taxes on coffee, cocoa and tea affecting trade in these products.

6. Our offer is a very broad one, and its consequences are considerable. You will understand that the Community cannot undertake a liberalization effort on this scale all on its own. I must therefore make it absolutely clear that the Community will not be in a position to implement its programme unless the following conditions are fulfilled by our partners:

1. A fair degree of multilateral burden-sharing including an assessment related to the balance of benefits, involving all industrialized markets, State-trading countries and the more advanced developing countries;
2. a satisfactory level of reciprocity by the main beneficiary countries including developing countries whose level of development, financial and trade needs allow them to participate more fully in the overall balance of rights and obligations under the GATT;
3. where developing countries enjoy a dominant supply position for raw materials on the world markets, an appropriate reduction of measures restricting the export of such products, matching the extent to which tariff escalation is reduced in importing countries.

The Community has always acknowledged a special responsibility for a number of associated countries. This is reflected in our trade policy. Needless to say, the Community therefore intends to take into account expressed interests by least-developed countries concerning the maintenance of specific trade advantages which they derive from existing preference margins.

7. The Community is ready to confirm the concessions I have just submitted to you, in so far as our trading partners agree to shoulder their share of the burden in these negotiations. I do not wish to leave the slightest doubt about the Community's desire to bring these negotiations to a successful conclusion. Having said this, we intend to engage in genuine negotiations, which implies concessions by all the partners from whom such concessions may reasonably be expected.

If we wish to ensure the success of these negotiations, it is essential that our partners, that all participants in the Negotiating Group, should join in our approach so as to obtain results in keeping with the appeal made at Punta del Este.

### Offer on Tropical Products

Liberalization offers set out in paragraphs I and II of the present document must be viewed in conjunction with the conditions laid out in paragraph III.

#### I. Tariff measures

##### (a) Tropical beverages and tropical industrial products<sup>1</sup>

The Community proposes the following orientation:

- elimination of duties for industrial tropical raw materials;
- elimination or significant reduction of duties for industrial tropical semi-processed products;
- reduction up to 50 per cent of existing duties for finished industrial tropical products.

##### (b) Tropical agricultural products<sup>2</sup>

The Community proposes the following orientation:

- elimination or significant reduction of duties for fresh or semi-processed agricultural tropical products;
- significant reduction of existing duties for processed agricultural tropical products.

#### II. Non-tariff measures

The Community proposes the following orientation:

- progressive elimination of remaining national quantitative restrictions against tropical products (with the exception of fresh bananas);
- progressive elimination or reduction of consumption taxes on coffee, tea or cocoa affecting trade in these products.

#### III. The present Community offer is subject to the following conditions:

- A fair degree of multilateral burden-sharing including an assessment related to the balance of benefits, involving all industrialized markets, centrally-planned economy countries and the more advanced developing countries;

- a satisfactory level of reciprocity by the main beneficiary countries including developing countries whose level of development, financial and trade needs allow them to participate more fully in the overall balance of rights and obligations under GATT;
- where developing countries enjoy a dominant supply position for raw materials on the world markets, an appropriate reduction of measures restricting the export of such products, matching the extent to which tariff escalation is reduced in importing countries.

Furthermore the Community will take into account expressed interests by least-developed countries concerning specific trade advantages which they derive from existing preference margins on the Community's market.

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<sup>1</sup>The following product groups identified in document GATT/NTM/GNG/NG6/W/1, Table I are considered industrial tropical products in the present exercise under the condition that their value is made up of a preponderant percentage of tropical raw materials:

1. Cocoa, tea and coffee;
- 4a. Manufactured tobacco;
6. Tropical woods and natural rubber;
7. Jute and hard fibres.

<sup>2</sup>The following identified product groups are considered agricultural tropical products in the present exercise in document GATT/MTN/GNG/NG6/W/1, Table 1:

- 2a. Spices and essential oils;
- 2c. Plants, vegetable materials, etc.;
- 5b. Tropical fruits (including shelled fruits) and nuts and processed products.  
(Tropical fruits are: tamarinds, cashew apples, mangoes, mangosteens, papayas, lychees, jackfruit, guavas, pawpaws, sapodilla plums and similar tropical fruits.)  
(Tropical nuts are: coconuts, cashew nuts, Brazil nuts, areca and cola nuts, macadamia nuts and similar tropical nuts.)