

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

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Group of Negotiations on Goods (GATT)
Negotiating Group on Tropical Products

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TROPICAL PRODUCTS

Indicative List Submitted by the EEC

The following communication dated 6 April 1988 has been received from the European Communities with the request that it be circulated to the members of the Group.

Please find enclosed an elaboration of the Community's proposal on tropical products, which we submit in accordance with paragraph (i) (a) of the Procedures for Negotiations adopted by the Negotiating Group on 29 January 1988.

EUROPEAN COMMUNITY
PROPOSAL ON TROPICAL PRODUCTS

1. In the procedures for negotiations adopted by the Negotiating Group on Tropical Products on 28 January 1988 (MTN/GNG/NG6/W/23) participants are invited to submit indicative lists elaborating on general approaches. The Community has at the fourth session of the Negotiating Group on Tropical Products, on the 14 October 1987, presented a proposal on tropical products (GATT doc: MTN.GNG/NG6/W/13, 26 October 1987) which elaborated a general approach as well as tabling an offer. The Community's proposal, the first to be tabled by an importing country, provides in its view the necessary conditions for substantive negotiations in this sector.
2. The Community has subsequently elaborated in the Negotiating Group on Tropical Products the key elements of its offer. The objective is the fullest liberalization of trade in tropical products, in both their processed and semi-processed forms, covering both tariff and non-tariff measures.
3. For primary and semi-processed products the Community's offer provides for the elimination or significant reduction of duties and on finished products reductions of up to 50%. Given the low duty rates on raw and semi-processed products compared to those imposed on finished products our offer would make an important contribution towards reducing tariff escalation, a key objective for exporters of tropical products.
4. In addition to its tariff offer, the Community's proposal contains a similarly ambitious non-tariff offer. All residual quantitative restrictions should be progressively eliminated against tropical products. The Community has even accepted to include internal taxes in this area and proposed the gradual reduction or elimination of consumption taxes maintained by its Member States for tropical beverages - coffee, tea and cocoa -, affecting trade in these products.
5. The Community's offer covers tropical products identified by GATT in document GATT/MTN.GNG/NG6/W/1. As already explained some tropical products which are direct substitutes for products of temperate areas are not included in the list - certain oilseeds, vegetable oils and oil-cakes, raw tobacco, rice, manioc and other tropical roots and products thereof. This does not mean that the Community is not ready to negotiate on these products, however, we take the view that a negotiation on these products could only be held successfully in the larger framework of the overall agricultural negotiations. Furthermore the Community has felt obliged to omit a small number of products which are sensitive in the context of its relations with developing countries.

6. Given the scale of the Community's offer it is clear that it cannot act alone. In order to implement its programme it requires :

- 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;

- 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;

- where developing countries enjoy a dominant supply position for raw materials on the world markets , an appropriate reductions of measures restricting the export of such products, matching the extent to which tariff escalation is reduced in importing countries.

In the exercise the Community also intends to take into account the expressed interests of least developed countries concerning the specific trade advantages which they derive from existing preference margins. As regards these advantages particular attention will be given to those products for which these countries, many of which have contractual relations with the Community, are the major suppliers to the Community market.

7. The Community is only prepared to implement concessions up to the levels indicated if the above elements form a constituent part of an overall agreement. Past experience shows, particularly in the consultations on Tropical Products between 1982-84, that in the absence of contributions from the greatest possible number of participants which necessarily entails multilateral burden sharing and reciprocity, we shall fall short or even fail in achieving our objective. In this framework, reciprocity need not be confined to tropical products; account should also be taken of specific contributions in other areas of the negotiations.

8. In the Community's view the approach set out above is fully consistent with the general principles governing negotiations set out in the Punta del Este Declaration and should facilitate the achievement of the fullest liberalization of trade in tropical products.