

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG6/11  
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Group of Negotiations on Goods (GATT)  
Negotiating Group on Tropical Products

NEGOTIATING GROUP ON TROPICAL PRODUCTS

Meeting of 1 July 1988

Note by the Secretariat

1. The Negotiating Group on Tropical Products held its ninth meeting on 1 July 1988 under the Chairmanship of Mr. P. Leong Khee Seong (Malaysia). The purpose of the meeting was to review the results of the second round of multilateral consultations on tropical products held between 27 June and 1 July 1988.

2. The Chairman presented to the Negotiating Group the following report:

"The second round of multilateral consultations on tropical products was held from 27 June to 1 July 1988, in accordance with the Procedures for Negotiations adopted on 29 January 1988. As agreed by the Negotiating Group at its meeting of 25 April the multilateral consultations were informal, open to all interested participants and strictly confidential. No formal record of consultations was made. This Report on the second round of consultations is made under the Chairman's own responsibility as established by the Negotiating Group on 25 April 1988.

"During the second round of consultations participants continued to exchange views on negotiating techniques and modalities for negotiations. This discussion was complemented by a further examination of the product areas. Participants addressed more specific points related to product areas, providing indications as to their export interest as well as further clarification on how different proposals on the table would affect trade in the product areas under examination. Finally, participants provided reactions to the suggestion made by one participant concerning the inclusion of additional products in negotiations.

"During this week, the Chairman had a series of informal consultations with participants on possible arrangements for the conduct of negotiations in the second half of the year with a view to reaching concrete results by the end of 1988. In the light of these consultations the Chairman has prepared, on his own responsibility, a paper on arrangements for the further conduct of negotiations which is

submitted to the Negotiating Group for consideration and approval (document MTN.GNG/NG6/W/25). It is my understanding that the reference to 'any further arrangements as necessary' contained in paragraph (vii) of the paper can include any provisions for early implementation of results as might be necessary."

3. The Group adopted the Arrangements for the further conduct of Negotiations (circulated as MTN.GNG/NG6/10, which is annexed to this note).

4. After the adoption of the Arrangements a number of participants commented upon the Group's stage of work and the programme of negotiations in the second half of the year. These comments are summarized in paragraphs 5 to 9 below. Comments made in connection with indicative lists formally introduced to the Group at this meeting are reflected in paragraphs 10 to 17 of this note.

5. Many participants welcomed the adoption of Arrangements for the further conduct of negotiations. It was generally felt that these Arrangements provided adequate procedures for the continuation of negotiations in the second half of the year.

6. In reviewing the results of the second round of consultations a number of participants expressed concern over the fact that agreement on techniques and modalities as a common basis for negotiations was still lacking. Some delegations said that this should not prevent participants to comprehensively address problems of trade in tropical products under negotiating techniques and modalities which would preferably include a formula approach. Several participants believed that despite some positive developments notably the presentation by a major trading country of its indicative list in the second round of multilateral consultations, progress in negotiations was still slow. To them the pace of negotiations did not fully reflect the importance of trade in tropical products for many developing countries as recognized in the Ministerial Declaration and the agreement that negotiations in this area should receive special attention as provided for in Section B(ii) of the Ministerial Declaration. One participant reserved the right to bring up this matter at the level of the GNG. Furthermore, several participants observed that more flexible approaches were necessary in the negotiating process foreseen in autumn and that negotiations would have to take into account the special needs of developing countries in order to ensure the achievement of substantial results by the end of 1988 and their earliest implementation. Some participants also emphasized that the process of consultations and negotiations should have primarily a multilateral character.

7. Other participants were of the view that a common basis for negotiations could only emerge from a truly multilateral basis. This meant that all participants should take part in the search of multilateral solutions and contribute in accordance with their individual development financial and trade needs to the achievement of the negotiating objective of fullest liberalization. After the two rounds of multilateral

consultations there were still participants who had to provide indications as to their possible contributions in negotiations or to specify them in more detail. The Arrangements adopted provided a chance for holding multilateral negotiations which if missed would put at great risk the Montreal meeting. One participant recalled the proposal made by his country in document MTN.GNG/NG6/W/17. He continued to believe that the approach proposed would benefit all participating countries and urged participants to further consider it. He reiterated that all countries should participate in negotiations. There was also need for greater participation in enhancing background information, transparency being a necessary condition for successful conclusions in negotiations. His delegation was willing to work to achieve early results in tropical products but such results should include a satisfactory outcome for Agriculture.

8. With regard to product coverage of negotiations some participants reiterated the view that there should not be any a priori exclusions of products covered by the seven product groups. Additional products might be included when they were clearly identified as "tropical products". In this connection one participant recalled that during the second round of multilateral consultations his delegation explained the reasons for which additional products had been included in the indicative list submitted by his country as document MTN.GNG/NG6/LT/16/Rev.1. He expressed the hope that positive reactions to these products would be forthcoming from trading partners during the consultations and negotiations scheduled for September-November this year.

9. One participant informed the Group that responses to requests addressed under indicative lists would be provided later on this month.

10. The representative of Cuba introduced the submission circulated in MTN.GNG/NG6/LT/25 containing the indicative list of products of particular interest to her country. She reserved the right to introduce amendments or additions to the list as negotiations proceed.

11. The representative of Malaysia introduced the supplementary indicative lists submitted by ASEAN countries in documents MTN.GNG/NC5/LT/6/Suppl.1 and 2.

12. The representative of Uruguay introduced the indicative list contained in MTN.GNG/NG6/LT/20. She drew attention of the Group that the list included some products which were not covered by the seven product groups. The representative recalled that those products were submitted in accordance with the provisions of Footnote 1 of the Procedures for Negotiations and expressed the hope that trading partners would have positive reactions in regard to additional products. The representative also said that indications as to the markets to which the lists were addressed would be submitted shortly.

13. Introducing the submission circulated in MTN.GNG/NG6/LT/23 the representative of Nicaragua pointed out that it contained a number of suggestions concerning the continuation of negotiations. The representative drew attention of the Group in particular to the elements proposed with regard to negotiations on tariffs. The submission also contained a preliminary list of products of export interest to Nicaragua. In this connection the representative urged trading partners which had submitted offers to improve their product coverage.

14. The representative of Tanzania introduced the indicative list contained in MTN.GNG/NG6/LT/21. He emphasized in particular the request addressed to participants in considering the indicative list to take into account, inter alia, paragraph (vii) of Section B in the Ministerial Declaration which provided for special attention to be given to the particular situation and problems of the least-developed countries.

15. The representative of Japan said that his country intended to follow as much as possible the guidelines for negotiations contained in MTN.GNG/NG6/24 in elaborating its offer. He also observed that certain details of the list were still to be specified. Referring to the question of reciprocity the representative said that the basic objective of this Group was to expand exports of developing countries. It was also important that those developing countries which were in a position to do so make some contribution to negotiations by improving market access for exports of other developing countries. While Japan did not intend to request reciprocity from developing countries in such areas as tariffs, a certain contribution with respect to non-tariff trade-distorting measures might be requested from those developing countries which had reached a more advanced stage of development. Turning to the issue of GSP the representative noted that it had an important rôle in expanding developing countries' exports. Nevertheless it was quite natural and in conformity with the basic objectives of the GSP that those beneficiaries whose exports under GSP had become competitive enough be removed from this treatment. This was a matter to be decided upon by individual preference-giving countries taking into account various factors including specific circumstances of trade between preference-giving countries and beneficiaries. So far, Japan had not brought into effect neither country-specific nor product-specific measures of graduation. On the contrary, in the last two years, Japan implemented overall improvements of its GSP scheme bearing in mind the economic situation of developing countries and the important rôle of GSP in expanding their exports. These improvements had strengthened the effectiveness and stability of GSP. Japan was of the view that existing GSP treatment on tropical products as well as the GSP improvements which would result from the Uruguay Round negotiations should be made as stable as possible. Finally, the representative stated that Japan had no intention to remove GSP treatment or to raise GSP rates under existing laws.

16. In their reactions to Japan's submission a number of representatives welcomed it as a positive development in negotiations. Some of them noted

the positive stand taken by Japan in regard to concessions among developing countries and to GSP treatment of tropical products. It was further noted that the indicative list submitted by Japan contained useful guidelines and did not include any elements of conditionality.

17. The representative of Morocco announced that his country would be submitting shortly an indicative list containing products of export interest as well as proposals on the main elements which should be taken into account in negotiations in order to achieve the negotiating objectives (the indicative list was subsequently circulated as document MTN.GNG/NG6/LT/28). The representative recalled that the information circulated in response to requests for additional information (MTN.GNG/NG6/TI/1/Add.2 and MTN.GNG/NG6/TI/2/Add.2) had been provided for reasons of transparency and should not be used by trading partners in order to request contributions from his country. Morocco had already made such contributions in the tariff and non-tariff areas. Information on trade liberalization measures undertaken was contained in document L/6266 of October 1987 and in the responses to requests for additional information. Morocco expected to be given credit in negotiations for these measures.

18. The Group agreed that the secretariat prepare for the meeting in September a synoptic table of proposals made by participants in the Negotiating Group organized by specific elements of negotiations.

19. The Chairman said that since the Group adopted at the present meeting the Arrangements for the further conduct of Negotiations there was no need to convene the meeting scheduled for 6-8 July 1988. The Group therefore agreed that its next meeting be held in the week of 19 September 1988 for two days as specified in the Arrangements adopted. It was hoped that final arrangements on meetings of negotiating groups in September would reflect the importance attached by participants to negotiations in the tropical products area.

ANNEX

TROPICAL PRODUCTS

ARRANGEMENTS FOR THE FURTHER CONDUCT OF NEGOTIATIONS

Adopted by the Negotiating Group on Tropical Products  
on 1 July 1988

In the light of the objective of achieving the fullest liberalization of trade in tropical products, and with a view to achieving concrete results before the end of 1988 and their implementation at the earliest possible date in accordance with Section B (ii) of the Ministerial Declaration, the Negotiating Group agrees, on the basis of the Procedures for Negotiations adopted on 29 January 1988, on the following arrangements for the further conduct of negotiations:

- (i) Participants are invited to deposit initial offers with the secretariat, for distribution to participating countries, not later than mid-September 1988.
- (ii) Participants which have already submitted offers and proposals, including general approaches and/or specific requests, may elaborate on these, without prejudice to the positions of other participants.
- (iii) Participants are not precluded from modifying their offers or tabling offers at subsequent dates.
- (iv) Offers will be in accordance with general approaches, formulae and measures covering both tariffs and all non-tariff measures affecting trade; and/or product/country specific requests. Such offers may build as appropriate on proposals that have been tabled and on the discussions held in the two rounds of consultations.

- (v) Consultations and negotiations covering all seven product groups<sup>1</sup> will take place from September to early November 1988. The Negotiating Group will meet for two days in the week of September 19 and on 27-28 October or 3-4 November. The Negotiating Group may hold other meetings during this period as necessary.
- (vi) Participants may continue to request and provide additional information on trade policy measures, with assistance from the secretariat as appropriate.
- (vii) At its October/November meeting the Negotiating Group will assess the results achieved during the consultations and negotiations in the light of the objectives as set out in the Punta del Este Declaration, and make any further arrangements as necessary.

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<sup>1</sup>It was understood by the Negotiating Group that the seven product groups selected for its work did not constitute a definition of tropical products nor an exhaustive listing and that other products might be included as negotiations proceed.