

MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND

RESTRICTED

MTN.GNG/NG6/15

24 May 1989

Special Distribution

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

MEETING OF 21 APRIL 1989

Note by the Secretariat

1. The Negotiating Group on tropical products held its thirteenth meeting on 21 April 1989 under the Chairmanship of Mr. P. Leong Khee Seong (Malaysia).
2. The Group adopted the agenda set out in GATT/AIR/2758 dated 12 April 1989. No matters were inscribed on the agenda under "other business".

Implementation of Specific Negotiating Results achieved at the Uruguay Round Mid-Term Review

3. The Chairman recalled that at the Montreal Conference in December 1988 a set of specific results for early implementation in 1989 was achieved containing negotiated contributions by a number of participants. These contributions which would form an integral part of the overall achievement of the Uruguay Round had been circulated in Montreal in document MTN.GNG/17 and Add.1. Autonomous unilateral contributions had also been tabled in the Group by some other participants. Technical corrections relating to the Montreal package subsequently made by delegations have been circulated in MTN.GNG/17/Corr.1. Some further corrections received by the Secretariat would be shortly circulated in MTN.GNG/17/Corr.2. Those participants which were expected to provide further technical details in regard to their contributions to the Montreal package were invited to notify them to the secretariat no later than 15 May. The Chairman then invited delegations wishing to make or introduce new contributions to do so. The Chairman also invited participants to provide any additional indications as to implementation dates of their contributions.

4. The representative of the Republic of Korea expressed appreciation for the results achieved at Montreal in the area of tropical products. Given the importance of trade in these products to a large number of developing countries negotiations in this Group should aim, inter alia, at increasing export opportunities for developing countries in developed country markets. Being itself a developing country but from the temperate zone Korea found difficulties in meeting the requests put forward by certain exporting countries. Nevertheless, Korea was in the process of preparing a contribution to the negotiations in this Group. Since January 1989, his country had already been implementing its tariff reduction programme.

Under this programme the rates for 238 items accounting for 90.5 per cent of a total of 263 H.S tariff lines at six digit level covering tropical products have been reduced. Tariff rates on more than seventy items such as bananas, coffee, palm and castor oil, sheanuts, coconuts, cocoa, cigars and cigarettes which were considered as export products of developing countries were reduced by 50 per cent. Further reductions were envisaged by 1993. Secondly, the Korean government removed import quotas on avocados and fruit cocktails in 1988 and would liberalize imports of dates, guavas, mangoes and mangosteens, papaws, sheanuts, ground-nut oil and babassu oil in 1989 subject to fulfilment of internal procedures. Import quotas on bananas, fresh and processed pineapples and rice bran oil would be removed in 1990 and 1991. These measures were decided in recognition of the importance of tropical products for exports of developing countries and in spite of difficulties facing the agricultural sector. These contributions were made by Korea on an autonomous basis as a developing country and should be understood as a maximum contribution, given its present level of economic development.

5. The representative of Indonesia informed the Group that his country intended to submit its contribution to the negotiations on tropical products. This contribution would be based on a deregulation package announced in November 1988 covering reductions of import duties for certain products. The measures indicated were to be reassessed in the light of overall results in negotiations at the end of the Round. The list of products would be transmitted shortly to the Secretariat to be circulated to participants. Referring to the present stage of negotiations the representative emphasized the need for further progress in accordance with the special attention recognized for tropical products and given the time left before the scheduled completion of the Round in 1990. He also underlined that Indonesia as well as other developing countries which had undertaken domestic measures aimed at ensuring a more liberal import regime should be given due credit in negotiations for such measures. Finally, the representative expressed appreciation for the contributions made by some developed countries in particular the speedy and unconditional contribution made by Japan at Montreal. He hoped that artificial conditionalities would not be imposed when concessions were offered in the remaining period of the Uruguay Round.

6. Introducing the contributions circulated in MTN.GNG/NG6/LT/48 the representative of Poland said that as of 1 January imports of 247 tropical products originating in the least developed countries and other 87 developing countries were granted GSP duty-free treatment. The contribution covered all the main product groups and included certain non-tropical products of interest to developing countries. These measures were to be reassessed at the end of the Round in the light of the overall results achieved. Detailed information concerning above measures was contained in the notification by Poland on its GSP scheme (document L/5321/Add.1).

7. The representative of Nigeria said that the contribution by his country would be announced in due course. He also urged other participants which had not yet made contributions to do so.

8. In the course of discussions a number of participants provided information on the dates for implementation of their contributions and made general comments on the results achieved at Montreal. These comments and remarks are summarized in paragraphs 9 to 22 below.

9. The representative of Colombia drew attention of the Group to the communication contained in document L/6477 whereby his country notified reductions in rates of duties affecting about 800 items among them the items which had been included in Colombia's contribution to the Montreal package. All these tariff reductions became effective on 29 November 1988. The representative noted that the circumstances under which the concessions in Montreal had been made prevented his country to make a more significant contribution.

10. The representative of Mexico informed the Group that the contribution made in regard to one item (pyrethrum extracts) would be implemented as of 1 May 1989 while for the second item (cinnamon) procedures for implementation were underway.

11. The representative of the EEC said that all elements of the Community's contributions would be in force by 1 July 1989. He recalled that the contribution made under the GSP was already implemented on 1 January 1989.

12. The representative of Japan recalled that as stated at the GATT Council meeting on 8-9 February 1989 the Japanese offers on tropical products were implemented as of 1 April 1989 after completion of domestic procedures. These offers involved 179 items on a tariff-line basis. Many were tariff cuts, but tariffs were eliminated on 63 items. He hoped that early implementation of the offers would contribute to progress in negotiations on tropical products and in the Uruguay Round as a whole. Recalling that the results obtained in Montreal would form an integral part of the overall achievement in the Round, the representative also urged other participants to implement their contributions as quickly as possible.

13. The representative of Norway speaking on behalf of the Nordic countries said that the results obtained in Montreal represented a significant achievement. As announced in Montreal the contributions by the Nordic countries would be implemented on 1 July 1989. To this end domestic procedures had been initiated. The representative also underlined that implementation of contributions made by all participants was a crucial element in planning the work ahead in the area of tropical products.

14. The representative of Malaysia said that in regard to eight of the items included in its contribution implementation started on 1 April 1989. For the other items the tariff reductions were already implemented on 21 October 1988. Speaking also on behalf of other ASEAN countries the representative said that the Montreal results were in line with the Punta del Este Declaration which provided for special attention to tropical products, including the timing of negotiations. He expressed appreciation to participants which had already implemented their contributions as well as to those which announced new contributions. Noting that the

contribution by the Republic of Korea was a step in the right direction towards the achievement of the fullest liberalization of trade in tropical products the representative expressed interest to have more details in regard to that contribution.

15. The representative of Canada informed the Group that her authorities were in the process of following the necessary procedures for implementing the contribution. She assured the Group that Canada would implement the contribution as soon as possible but at present she was not yet in a position to indicate the precise date. The representative also said that Canada intended to maintain duty-free treatment for the duration of the Round and consider binding concessions at the end of the Round in the light of the overall results achieved.

16. The representative of Switzerland announced that on 25 April 1989 his authorities would take the decision to implement the contribution on 1 July 1989.

17. The representative of Austria welcomed the new contributions made by participants at this meeting. He informed the Group that the Austrian contribution had been submitted for approval to Parliament. The Trade Commission has approved it with a large majority and now it would be considered by the plenary. The representative was confident that the Parliament would approve the implementation of the contribution as of 1 July 1989. He also informed the Group that the offers of GSP rate reductions had been improved for cardamoms, crushed or ground (document MTN.GNG/17/Corr.2).

18. The representative of the United States expressed warm appreciation to the Chairman of the Negotiating Group for his contribution to the achievement of results at Montreal. With regard to the US contribution he noted that its implementation would be approved by Presidential Proclamation and it did not require any new legislation. As the Montreal results do not represent a signed treaty, the procedure might be longer than usual. However, the representative hoped that the US offer would be implemented before the summer recess.

19. The representative of New Zealand confirmed the indication given at Montreal with regard to his country's contribution which provides for staged implementation between 1 January 1988 and 1 July 1992 as specified in MTN.GNG/17.

20. The representative of Hungary announced that after the TNC meeting on 5-8 April 1989 the necessary domestic procedures had been initiated in order to ensure the implementation of the contribution by Hungary. The representative was not yet in a position to indicate the precise date of implementation.

21. The representative of Australia expressed appreciation for the results achieved at Montreal and welcomed the new contributions made by participants. As announced in Montreal Australia's contribution would be implemented in stages. The implementation already started in 1988.

22. The representative of Costa Rica said that action had been initiated in coordination with other Central American countries to modify the common tariff. He hoped that this process could be completed in the first six months of 1989 and expressed the readiness of his country to continue making contributions in the Negotiating Group.

23. The Group took note of the comments made by participants and welcomed the new contributions.

Arrangements for the continuation of negotiations

24. The Chairman recalled that in accordance with the Decision on Tropical Products adopted by Ministers at Montreal the Negotiating Group was invited to make appropriate arrangements for the continuation of negotiations on the basis of the understandings contained in that Decision. He trusted that all participants would play an active part during the remaining two years of negotiations in order to improve and extend the interim results obtained in Montreal in pursuance to the commitment to the objective of achieving the fullest liberalization of trade in tropical products which is an area of particular interest to many developing countries.

25. With regard to the arrangements for continuation of negotiations the Chairman suggested that in June-July 1989 the Negotiating Group carry out a multilateral review of the tariff and non-tariff situation in the light of the results achieved at Montreal with a view to identifying remaining barriers and taking stock of the present situation in pursuance of the negotiating objective of the fullest liberalization of trade in tropical products. At the end of this multilateral review in July the Group would elaborate as appropriate procedures for the continuation of negotiations. Under such a schedule of work the Negotiating Group might meet twice more before the summer recess from 12 to 14 June and thereafter in the week of 24 July.

26. The Group agreed with these suggestions.

27. In his concluding remarks the Chairman expressed his deep appreciation to participants for the interim results produced by the Negotiating Group in the context of the Uruguay Round Mid-Term Review for early implementation in 1989. These were the only concrete results produced so far by a market-access group which reflected the special attention given to the tropical products area in the Uruguay round. The Chairman also noted that at this meeting a number of participants gave indications as to implementation dates of their contributions or reconfirmed the indications previously given in this respect. Three participants also announced new contributions. The Group took note of these indications and contributions. Noting that the world imports of tropical products in 1987 amounted to around US\$70 billion - a rough estimate covering items falling within the seven product groups - the Chairman recalled that trade in this area was of particular importance to many developing countries and represented a

significant share in their exports. While the results achieved thus far by the Group constituted a positive outcome there was no opportunity for relaxation and it was important to continue the negotiations as agreed by Ministers in Montreal in order to achieve the negotiating objective of the fullest liberalization of trade in tropical products.