

MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND

RESTRICTED

MTN.GNG/NG3/13
17 October 1989

Special Distribution

Group of Negotiations on Goods (GATT)

Negotiating Group on Natural
Resource-Based Products

NEGOTIATING GROUP ON NATURAL RESOURCE-BASED PRODUCTS

Meeting of 29 September 1989

Note by the Secretariat

1. The Group, chaired by Mr. L. Duthie (Australia), met on 29 September 1989.
2. The Group adopted the agenda set out in the convening airgram (GATT/AIR/2862).

Agenda Item A: Examination of submissions by delegations including submissions of relevant trade and barrier data in natural resource-based products according to the decision of Ministers at the mid-term meeting (MTN.TNC/11)

3. In addition to the documents already at its disposal, the Group had before it a background study on uranium prepared by the secretariat (MTN.GNG/NG3/W/16/Add.3) and a submission by Canada (MTN.GNG/NG3/W/27), containing a proposal on modalities to engage in detailed market access negotiations, which was also circulated to other relevant negotiating groups.
4. The Chairman recalled that, at the last meeting of the Group, he had invited delegations to submit to NG3, or to make cross reference submissions to other negotiating groups, indicative lists of measures affecting trade in NRBPs. Submissions were received from Australia (NG3/W/24) and from the EEC (NG3/W/25). He also drew the attention of the Group to submissions circulated earlier, in particular those by the United States regarding, *inter alia*, techniques and modalities for negotiations on NRBPs (NG3/W/23) and by Australia on issues affecting trade in coal (NG3/W/21).
5. The representative of Canada presented his country's proposal on market access (NG3/W/27) to the Group. He recalled that this proposal was circulated to all the groups which, in Canada's view, should address the issue of market liberalization as it was intended to cover all products under negotiation and not just NRBPs. He explained that the proposal was built on the terms of the Mid-Term Agreement and it was aimed at achieving a real improvement in market access conditions through substantial reduction or elimination in tariffs and non-tariff barriers; phasing of

GATT SECRETARIAT

UR-89-0297

tariff reductions over an appropriate period to be negotiated; substantive increase in the scope of bindings and the need for an approach to be elaborated to give credit for bindings. Participation by developing countries was foreseen in accordance with the general principles laid down in the Punta del Este Declaration. The approach proposed by Canada combined a tariff-cutting formula, providing for a rate of reduction and elimination of low tariffs of up to 38 per cent, with offers and requests aimed at supplementing tariff reductions on specific items and at dealing with particular non-tariff measures. This approach would also facilitate the achievement of the maximum possible reduction of trade barriers which was called upon in the negotiating objective for NRBPs. Moreover, having regard to continuing differences of views between participants concerning the specific product coverage and negotiating responsibilities of different groups, the proposal was tabled in all relevant negotiating groups to ensure maximum possible negotiating flexibility consistent with the aim of achieving the largest possible result in all aspects of the Uruguay Round.

6. The Group welcomed the tabling of the Canadian proposal. Many participants recalled their statements to other negotiating groups before which the proposal was previously presented. It was argued that the Canadian proposal was a very imaginative and useful one which could help to solve the procedural difficulties faced by NG3. A number of delegations stated their support for the approach suggested by Canada as they considered that it could provide a way for developing a generic approach equally applicable to NRBPs. It was argued that the commitments taken in Punta del Este indeed required a multilateral and across-the-board approach for access liberalization encompassing all products, without exception. In this sense, the Canadian proposal constituted a challenge to those who had proposed across-the-board approaches in other negotiating groups but with a limited product coverage.

7. Some delegations welcomed those aspects of the Canadian proposal which referred to developing countries' participation in the liberalization process, though some of these would require more detailed consideration. It was recalled that, for some participants, to achieve substantial results in liberalizing trade in NRBPs was a sine qua non condition for accepting commitments in other areas under negotiation. In one view expressed, it was argued that one integrated approach combining tariffs and, in particular, quantitative restrictions was a viable and feasible methodology for this Group, though not necessarily so in all cases. It was further argued that more specific attention should be paid to the issues of tariff peaks and tariff escalation. In another view expressed, it was noted that the tariff-cutting formula proposed by Canada had only a limited harmonizing effect and might therefore penalize those countries which already maintained relatively lower duty rates. It was also stated that the Canadian proposal contained many ideas which could be shared and, in particular, that it fit in well with the concept already advanced of an active complementary rôle for NG3 in the negotiating process.

8. In another view expressed, it was argued that to provide for a feasible negotiating basis the modalities for NRBPs should address a double concern, the concern of those who were requesting greater access liberalization for certain products than that which could be obtained in

other groups, and the concern of those which had identified generic issues or particular barriers which they considered to be specific to trade in NRBP's. If this latter concern was not taken up by this Group, or if at least an indication was not provided of how some of these issues could be addressed or examined, it would be difficult to see how the process of trade liberalization of NRBP's could actually be encouraged.

9. The representative of Canada thanked the participants for their comments on the proposal submitted by his authority. He noted that this was the first negotiating proposal before the Group and stressed that it should help to clarify the reciprocal expectations from the negotiating process. Answers should now be provided by others, in NG3 or in other groups, if these reciprocal expectations or interests had to be accommodated. Referring to the long debated issue of product coverage, he pointed out that the proposal submitted by his country would apply, however the product coverage of NG3 was defined.

Agenda Item B: Arrangements for the continuation of negotiations

10. The Chairman recalled that at the last meeting he had informed the Group of his intention to present, under his own responsibility and in consultation with delegations, a proposal on arrangements for continuation of negotiations in NG3. Following these consultations, he was now in a position to put his proposal before the Group.

11. The Group adopted the proposal of the Chairman on arrangements for the continuation of negotiations (see MTN.GNG/NG3/12).

12. It was also agreed that the Group will hold its next meetings on 6 November 1989 and 12-13 December 1989, respectively.