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Group of Negotiations on Goods (GATT)

Negotiating Group on Natural
Resource-Based Products

NATURAL RESOURCE-BASED PRODUCTS

Submission from the United States

The following submission has been received from the delegation of the United States with the request that it be circulated to members of the Negotiating Group on Natural Resource-Based Products.

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1. This submission is intended to give a preliminary indication of United States interests in addressing specific measures and barriers adversely affecting trade in natural resource-based products. As noted in an earlier submission (MTN.GNG/NG3/W/23) the United States believes NG3 can function most effectively as a complementary negotiating group to the negotiations being carried out in several other groups. Thus, in general we will only reference here our submissions in those other groups.

2. In our view the coverage of NG3 should be as broad as possible both with respect to natural resource sectors treated and with respect to trade-distorting measures and in practices of both importing and exporting countries. Thus, in principle, the coverage would include all or most goods classified within Chapters 1 to 83 of the Harmonized System. We believe, however, that many individual products would be addressed most effectively in other negotiating groups. For example, issues involving agricultural products, including fish and forestry products, are best handled within NG5 (with certain forestry products covered within NG1 and NG2), certain tropical products within NG6, and textiles within NG4. References to our other submissions should be considered in this light.

3. With respect to tariffs affecting natural resource-based products, the United States has indicated its intention to follow a request-offer approach to negotiations (see MTN.GNG/NG1/W/5). Within NG1 we have presented a number of preliminary requests to individual contracting parties to facilitate substantive negotiations on tariffs affecting all sectors and are prepared to pursue interests in tariff reductions on natural resource-based products in that group.

4. We have similarly submitted an indicative list of non-tariff measures (NTMs) in NG2 (MTN.GNG/NG2/W/14), including measures affecting natural resource-based products, and have followed up with specific requests of individual contracting parties. As with tariffs, we are seeking to achieve broad trade liberalization through our approach in this negotiating group.

5. Recently, we submitted a comprehensive proposal to NG5 which calls for fundamental global reform of government support policies for agricultural, fishery and most forest products. This is the first comprehensive proposal presented to NG5. It calls for the conversion to tariffs of all market access barriers and a substantial reduction over a ten-year period in those tariffs and in pre-existing tariffs on the products covered. Further, our proposal would phase-out internal support measures considered most trade distorting over ten years and subject less trade distorting policies to GATT disciplines. Export subsidies, including export tax differentials would be eliminated over a five-year period.

6. With respect to subsidies which distort trade in natural resource-based products, we have submitted proposals to NG10 on increasing GATT disciplines over such subsidies (see MTN.GNG/NG10/W/20) and will shortly submit additional proposals. As we have noted (see MTN.GNG/NG3/W/13), dual pricing of natural resource inputs can cause significant trade distortions, and we will seek to address this specific problem in our submissions to NG10 while reserving a complementary role for NG3.

7. Another factor which can affect trade in natural resource-based products is government ownership or control of enterprises producing and trading in natural resource-based products. Our recent submission to NG7 (see MTN.GNG/NG7/W/55) discusses some of the problems which can arise through state involvement in commercial enterprises.

8. The United States urges that NG3 examine carefully the progress of negotiations in these other negotiating groups to assure that measures of concern affecting natural resource-based products are being adequately addressed in these groups. NG3 should conduct a full review early in 1990 of the status of negotiations affecting natural resource-based products to determine whether certain of these concerns may require substantive negotiations within NG3 itself to achieve the objectives of this negotiating group as established at Punta del Este.