

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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Negotiating Group on Tropical Products

STATEMENT BY ASEAN

The following statement made by Malaysia on behalf of the ASEAN contracting parties to the GATT at the meeting of the Negotiating Group on 19 October 1989 is circulated to the members of the Group.

1. The Punta del Este Ministerial Declaration recognized the importance of trade in tropical products to a large number of developing countries and agreed that special attention be accorded to tropical products with regard to the timing of the negotiations and implementation of the results. The ASEAN countries however note with concern that there had hardly been any progress in the negotiations since the Mid Term Review. While some liberalization measures have been undertaken by some participants, it must be pointed out that it does not meet the overall objective of fullest liberalization of trade in tropical products. The multilateral review undertaken in the two preceding meetings of this negotiating group revealed that a large number of products of significant export interest to the developing countries still face tariff barriers in the major markets. It was also evident that tariff escalation still prevails in most of these markets.

2. At the Mid Term Review Meeting, Ministers agreed to pursue negotiations on the seven product groups already identified, with due regard, inter alia, to the following elements:

- (i) elimination of duties on unprocessed products;
- (ii) elimination or substantial reduction of duties on semi-processed and processed products. These actions would include the objective of eliminating or reducing tariff escalation;
- (iii) elimination or reduction of all non-tariff measures affecting trade in these products;

Ministers also agreed that all participants would engage in the negotiations and make appropriate contributions towards achieving these objectives in accordance with the relevant provisions of the Punta del Este Ministerial Declaration including those contained in its Part I.B.

3. With the objectives clearly spelt out by the Ministers it is now the task of this negotiating group to determine the appropriate modalities to give effect to the MTR decisions. Having considered the views of participants in previous meetings, ASEAN would like to share some of our preliminary thoughts at this stage.

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4. In so far as the developed countries are concerned, we would like to propose the following approach:

- (i) eliminate all duties on unprocessed items in the 7 product groups;
- (ii) adopt a formula approach to substantially reduce duties on semi-processed and processed items so that tariff escalation and peak duties would be lowered. A request and offer approach may be used to supplement the formula reductions;
- (iii) eliminate all nuisance duties;
- (iv) eliminate NTMs on a request and offer basis;
- (v) bind all the above concessions.

5. Participation by developing countries, would be in accordance with Part B iv-vii of the Ministerial Declaration. Developing countries could submit their contributions consistent with their development, financial and trade needs. Such contributions could include market opening measures in tropical products and other product sectors. Liberalization measures undertaken since the launching of the Uruguay Round should be taken into account.

6. Developing countries in a position to contribute towards the liberalization of trade in tropical products should be encouraged to do so through their preferred modality. In this respect developing countries should be given the necessary flexibilities to exclude sensitive items, undertake smaller tariff reductions and longer time frame for implementation of liberalization measures. Developing countries would make efforts to bind as many items as possible at applied or ceiling levels.

7. It is envisaged that the least developing countries are not expected to make contributions.

8. It must be pointed out at this stage that different levels of commitments in the liberalization of trade in tropical products is proposed because developing countries have significant export interest in tropical products. Developed countries are expected to contribute more towards the liberalization of trade in tropical products as this would bring direct benefits to the developing countries. This in turn would encourage developing countries to contribute more towards trade liberalization.

9. These are our preliminary thoughts on the modalities for the subsequent negotiations. We must point out that this preliminary view is subject to further review and a more definite proposal would be submitted at the next meeting.

10. While on the subject of modalities, ASEAN would like to propose that the issue of modality be resolved at the first meeting in 1990 to enable substantive negotiations to be carried out henceforth.