

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG6/W/43
1 December 1989

Special Distribution

Group of Negotiations on Goods (GATT)

Original: English

Negotiating Group on Tropical Products

PROPOSAL BY ASEAN

The following proposal received on 28 November 1989 from ASEAN delegations of Indonesia, Malaysia, Philippines, Singapore and Thailand is circulated to the members of the Group.

1. The objective of the negotiations, as set out in the Punta del Este Declaration is to aim at the fullest liberalization of trade in tropical products, including in their processed and semi-processed forms and shall cover both tariff and non-tariff measures affecting trade in these products. The Ministerial Declaration also 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.

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:

- (a) elimination of duties on unprocessed products;
- (b) elimination or substantial reduction of duties on semi-processed and processed products. These actions would include the objective of eliminating or reducing tariff escalation;
- (c) 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. In order to give effect to the decision by the Ministers, ASEAN proposes that developed countries undertake the following on the seven product groups:

- (i) eliminate all duties on unprocessed items;
- (ii) apply an appropriate formula(e) to eliminate or substantially reduce duties on semi-processed and processed items. In order to achieve the objective of substantial reduction of duties the formula(e) adopted should have the effect of achieving the

overall reduction of such duties by at least 75 per cent;

- (iii) eliminate all nuisance duties;
- (iv) further reduce or eliminate duties through negotiations based on a request and offer approach;
- (v) reduce or eliminate non-tariff measures through negotiations.

4. Participation by developing countries would be in accordance with Part I.B (iv)-(vii) of the Ministerial Declaration. Developing countries would make contributions consistent with their individual development, financial and trade needs. Developing countries should be given the necessary flexibilities to select their own mode of liberalization, exclude sensitive items and undertake smaller reductions and longer time frames for implementation of liberalization measures. Contributions from developing countries could also take the form of market opening measures in other product sectors. Liberalization measures undertaken since the launching of the Uruguay Round should be taken into account and recognized as contributions.

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

6. Different levels of commitment in the liberalization of trade in tropical products is proposed because developing countries have significant export interest in tropical products and developed countries are expected to contribute more towards the liberalization of trade in tropical products. This would bring direct benefits to the developing countries which in turn would encourage developing countries to contribute more towards trade liberalization.

7. It is also proposed that participants adopt the following procedural arrangements:

- (i) by January 1990 participants should indicate their modes of trade liberalization or contribution;
- (ii) by February 1990 participants should submit specific details of their modes of trade liberalization or contribution on a tariff line basis. These details should include, inter alia, initial proposals of the reduction or elimination of tariff and non-tariff measures, bindings and implementation dates;
- (iii) by April 1990 participants intending to seek improvements to initial proposals, e.g. further reductions or elimination of duties and non-tariff measures, should submit requests and subsequently engage in negotiations;
- (iv) the Group would continuously review progress in the negotiations to ensure that the export interests of developing countries are met. In September 1990 the Group would conduct an evaluation of the results attained therein in terms of the objectives of the negotiations.

8. In accordance with the Ministerial Declaration which recognizes the importance of trade in tropical products to a large number of developing countries and the agreement that negotiations in this area shall receive special attention, including the timing of the negotiations and the implementation, it is proposed that all concessions by developed countries be implemented by 1 January 1991.