

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

RESTRICTED

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Group of Negotiations on Goods (GATT)  
Negotiating Group on Natural  
Resource-Based Products

NEGOTIATING GROUP ON NATURAL RESOURCE-BASED PRODUCTS

Meeting of 12 December 1989

Note by the Secretariat

1. In the absence of Ambassador L. Duthie, the Group was chaired by Mr. C. Carlisle (Secretariat), and met on 12 December 1989.
2. The Group adopted the agenda set out in the convening airgramme (GATT/AIR/2888).

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) and to paragraphs 1 and 2 of the arrangements for continuation of negotiations adopted by the Group on 29 September 1989 (NG3/12).

3. Since the last meeting in November the Group received submissions from the United States (on aluminium, NG3/W/26), Bangladesh (NG3/W/29), and Senegal (NG3/W/30).
4. In his introductory statement, the representative of the United States pointed out that the trade distorting practices affecting the aluminium industry were not limited only to this industry but might be applied in most cases, to the other non-ferrous metals industries. Their elimination and the strengthening of GATT rules and disciplines would be beneficial to all participants in trade of aluminium. Describing the processing chains of the industry, the US representative stressed structural changes which this industry had undergone in the recent past and their impact on world production and trade patterns. Though in his view it was logical for producers having a comparative advantage to strive for more value-added production through downstream integration, he considered that trade distortions might arise due to government intervention and ownership and lead to unfair competitive advantages on the international market. In order to create a more competitive market it was necessary to eliminate subsidies and improve the procedures for redressing subsidies and dumping. In addition, the binding and reduction of tariffs at the least common level and an elimination of non-tariff measures would also be beneficial. There

existed some high tariffs on a range of aluminium products in both developed and developing countries. New investments based on market-determined factors would facilitate their smooth integration with established aluminium industries. He further added that state-of-the-art aluminium facilities did not need special protection, as infant industry. This protection permitted the new facilities to escape the tests of economic viability and the disciplines of competition adhered to by privately owned companies.

5. The representative of Senegal stressed the importance of exploitation of natural resource-based products in the economic and social development of his country. The products included in the list of the submission represented at present about one half of exports of Senegal in value terms. For this reason his country would wish that effective negotiations start as soon as possible. Senegal's interest was mainly in the area of fisheries and natural phosphates and fertilizers. In many markets its exports were hampered by tariffs which were often unbound and by tariff escalation on products of higher stages of processing. Non-tariff barriers including import quotas, rules of origin, minimum prices and sanitary requirements, were applied particularly on fisheries products.

6. The submission of Bangladesh on behalf of Least-Developed Countries contained proposals for special treatment for natural resource-based product exports of this group of countries.

7. The representative of Chile informed the Group that his delegation transmitted a list of products of export interest for his country which would be issued at a later stage,

8. Several delegations appreciated the above-mentioned contributions and commented on certain technical points. They particularly appreciated the submission by Senegal as a good example for other countries. With respect to the paper on aluminium one delegation expressed its disappointment with the very general outcome of the paper. It hoped, nevertheless, that other delegations could be encouraged to bring forward product - or issue - specific papers for consideration by the Group.

#### Agenda Item B(i)

#### Determination of further action of NG3 to meet its negotiation objective as reflected in paragraph 4 of NG3/12.

9. On the subject of continuation of negotiations, the Group had before it a paper submitted by Australia (NG3/W/31). In introducing his country's submission, the representative of Australia referred to the lack of progress in the NRBP Group. He stressed that, for countries which depended heavily upon resource exports like his, "outcomes on NRBP would have an important bearing on their own ability to maximise concessions in areas of interest to others". In his view the Group should first establish a process and time-frames which, while flexible, ensure that NRBP receive full and timely consideration in the balance of the Round; second, provide for linkage between negotiations in the NRBP Group and development

in other relevant groups; and finally establish a strong monitoring and review mechanism to assess ongoing progress on NRBP issues.

10. The proposal reiterated the overall objective of reduction in trade barriers of at least one third and provided a timetable for presentation of initial contributions by participants, to be followed by specific requests for improvement and subsequent negotiations. The Group would also consider appropriate arrangements for negotiations on specific issues and products which had been raised by participants. As these negotiations should be transparent the Group would also establish a mechanism for multilateral review and assessment. Australia was ready to make a specific proposal to this effect. The market access negotiations in NRBP should be on the same basis as generic market access negotiations. All yardsticks and understandings applying to generic market access negotiations should apply to NRBP's i.e., with respect to bindings, measurement of outcomes, granting of credit etc. For any additional sectoral efforts which might include non-market access issues the objective would be market access outcomes aimed at going beyond the minimum achievable on a generic basis.

11. Many delegations welcomed the Australian proposal as a valid basis for elaborating elements for negotiations on NRBP's. They noted that their comments were preliminary as they were unable, due to the late delivery of the paper, to consult with their respective authorities. The EEC reserved its position pending consultations with its member states. Most of delegations considered, however, that the proposal was premature as they preferred first to have an agreement on the broader tariff negotiating plan. While one representative mentioned that the Australian proposal fully reflected the wish and approach adopted by his country in NRBP's, another delegate said that his country might have some difficulties with its acceptance. His country had a different position with respect to the one-third cut in tariff reductions and wanted to deal with forestry and fishery products within the context of negotiations on agriculture.

#### Agenda Item B(ii)

#### Establishment of a calendar for NG3 in 1990 as reflected in paragraph 4 of NG3/12.

12. On the basis of the discussion under Item B(i) and pending a decision on negotiations in other market access groups, it was decided to revert to B(i) and B(ii) at the next NG3 meeting.

#### Agenda Item C

#### Other Business

13. It was agreed that next meetings of the Group would be scheduled early in 1990, in the light of developments.