

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG6/22

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**Group of Negotiations on Goods (GATT)
Negotiating Group on Tropical Products**

MEETING OF 27 APRIL 1990

Note by the Secretariat

1. The Negotiating Group on Tropical Products held its nineteenth meeting on 27 April 1990 under the Chairmanship of Mr. P. Leong Khee Seong (Malaysia). The Group adopted the Agenda set out in GATT/AIR/2963. No matters were proposed under "other business".

Review of progress achieved so far in the negotiations

2. The Chairman informed the Group that following the adoption of Procedures for the Continuation of Negotiations on 13 February 1990 a number of twenty-eight participants had submitted proposals either as separate proposals to the Negotiating Group on Tropical Products or as part of their general offers on tariffs. A listing of the participants which had submitted such proposals by 20 April 1990 had been circulated in document MTN.GNG/NG6/W/45. Since then, three additional proposals have been submitted by Colombia, Nicaragua and Senegal. In accordance with the Procedures adopted the proposals received have been circulated by the secretariat to all participants which have themselves submitted proposals. These participants held a first informal meeting to review and assess the proposals on 25 April 1990. In pursuance to the provisions contained in paragraph 3 of the Procedures the secretariat had prepared documentation on individual proposals as one of the elements to be used in the process of review and assessment. Such documentation was made available to the participants in the above-mentioned meeting.

3. The Chairman also said that under this item of the agenda delegations would have the opportunity to make any announcements, statements and comments in relation to the work of the Group and progress achieved so far in negotiations. In this context he recalled that in summing-up the debate at the last TNC meeting held on 11 April 1990 the Chairman noted that the great majority of the participants had recognized that the July deadline was crucial for the success of the Round because there was a wide-spread awareness that if, by that time it was not possible to draw up the profile of a package of negotiations, the meeting in Brussels would be in jeopardy. The Chairman of the Group noted that it was therefore of particular importance for the negotiations on tropical products to progress at a pace which would enable participants to reach by July 1990 an outline of preliminary results concerning the measures of trade liberalization on tropical products which governments would be prepared to put on the table in Brussels. Obviously, such an outline of preliminary results would not

preclude the continuation of negotiations after July in order to finalize the results in this area if the conditions set forth by participants were met and provided that mutual agreement would be reached. The Chairman further recalled that as indicated in the Procedures adopted by the Group participants would endeavour to submit by 30 April 1990 to the other participants involved and simultaneously to the secretariat, preliminary request lists for improvements to adjust the proposals submitted. It was important for delegations to bear this in mind and endeavour to submit such request lists as early as possible.

4. The representative of Uruguay informed the Group that her country intended to submit shortly a proposal in accordance with the Procedures for the Continuation of Negotiations adopted by the Group.

5. Referring to the intention previously expressed by Central American countries to submit proposals to this Group the representative of Honduras said that due to some difficulties related in particular to different stages in the process of accession to GATT of these countries not all of them have been able to submit proposals. This question was under consideration in their capitals and it was hoped that other Central American countries would be submitting shortly contributions in the context of their accession to GATT which could be taken into account in negotiations in this Group.

6. One participant observed that more and more governments were recognizing the market economy as the best means of generating wealth and bringing about sustained development. It was equally widely acknowledged that open economies prove most efficient and competitive in the international market while offering better standards of living and income distribution. The Uruguay Round provided the opportunity to translate this tested philosophy into economic realities. While all countries would gain from an open trading system developing countries had the most at stake in this Negotiating Group. These countries could realize the most substantial benefits in the area of tropical products by opening their own markets. As documented by the 1990 Report of the Economic Commission for Latin America and the Caribbean the developing countries' demand for foodstuffs and agricultural raw materials was growing three times faster than that of developed countries. This situation was particularly true for tropical zone products where the consumer market in the developed countries was beginning to show signs of saturation. Restating his country's commitments to the ambitious objective set for the negotiations in tropical products area the participant also re-emphasized that the achievement of this objective required full participation of other GATT contracting parties. He urged developing countries to move quickly to convert their new thinking on promoting open market economies into concrete proposals to this Negotiating Group. The future world trade system might well depend on the decisions governments take in the next few months.

7. Recalling that the procedures for the continuation of negotiations had been adopted with considerable effort by all participants the representative of a group of countries stressed that their proposal went a long way in meeting the negotiating objective and the provisions of the Mid-Term Review Decision on tropical products. However, like other participants they could not go in this direction alone. In this connection the spokesman expressed the view that a number of proposals made by developing countries and some developed countries did not contribute to the achievement of the objective of fullest liberalization. He also emphasized that proposals should cover not only tariffs but also non-tariff measures including measures affecting exports of raw materials. The representative also felt that, so far, participation in negotiations was disappointing as a number of important beneficiaries had not put forward proposals. The achievement of the negotiating objective required intense work in the coming months to improve proposals on the table and enable participants to see what could be the basis for an agreement in Brussels. While acknowledging that financial and development needs of developing countries should be taken into account the representative recalled that special consideration should be given to the least-developed countries. The proposal presented by his group of countries kept in mind the interests of these countries.

8. One representative speaking also on behalf of several other participants noted that their markets had been significantly liberalized before the launching of the Uruguay Round. Developing countries in particular had duty-free access either on an m.f.n. or GSP basis for most tropical products. The contributions made to the Montreal Package have further improved the degree of liberalization. Nonetheless, a new proposal had been put forward in accordance with the Procedures adopted on 13 February 1990. This proposal would lead to an almost complete liberalization and has been tabled with the hope that other participants would do the same. Recalling that the broadest possible participation was needed in order to achieve the negotiating objective, the representative urged those participants which had not done so to table proposals. She also felt that improvements in offers already on the table were necessary. Referring to the question of GSP contributions the representative said that while such action was unilateral and outside the negotiating process it was nevertheless an effective means for improving market-access for developing countries.

9. One representative speaking on behalf of several participants welcomed the submission of proposals by twenty-eight participants and the announcement made by Uruguay concerning the submission of its proposal. He stressed that a number of developing countries had submitted proposals and some of them had indicated willingness to improve their offers. This was a significant positive development as compared with earlier stages of negotiations which had to be acknowledged by developed countries. Referring to the conditions set out in a number of proposals by developed countries such as reciprocity, burden sharing and access to supplies the representative recalled that special attention had been recognized for the

area of tropical products given the importance of trade in these products for developing countries. Consequently, liberalization by developed countries should not be made conditional upon offers by developing countries in negotiations on tropical products. The representative expressed disappointment that the proposal by a major trading partner was merely a re-submission of its contribution to the Montreal Package and did not contain any indication as to further improvements. He further observed that while several proposals covered all tropical products others have excluded certain products of major interest to developing countries including those which he represented. He urged the countries concerned to include those products in the liberalization package. The representative felt that the proposals already on the table enabled participants to start negotiations towards achieving the objective of the fullest liberalization and expressed readiness to work with trading partners to produce significant results in this Negotiating Group.

10. Another representative observed that further negotiations on tropical products were not an easy task for every participant. However, each country should make the necessary efforts to overcome its specific difficulties and achieve a mutual satisfactory outcome in negotiations. In this respect the willingness expressed by some developing country participants to consider improving their offers constituted positive signals which would be sent to his capital together with other remarks and statements made by participants.

11. One participant supported the statement reflected in paragraph 8 above as the degree of market liberalization for tropical products in his country was also significant. In regard to the proposals on the table he noted that they reflected differing degree of liberalization but hoped that some of them would be subject to further improvement and that other participants would submit very soon their proposals. It was clear that no country could be requested to make concessions incompatible with its trade and financial possibilities or its level of development. However, he felt that without contributions in negotiations by all participants it would not be possible to reach the negotiating objectives in the tropical products area. Recalling the contribution made by his country at the Mid-Term Review which was provisionally implemented the representative stressed that the final contribution would depend on the assessment of the overall results in the negotiations on the basis of all the provisions of the Mid-Term Review Decision on Tropical Products.

12. Another participant also recalled that the import régime for tropical products in his country was already very liberal. His country contributed to the Montreal Package and has now put forward a very significant offer in negotiations. The representative urged other participants to table proposals and recalled the importance of submitting requests for improvements in offers in accordance with the Procedures adopted by the Group.

13. The Group took note of the announcements and statements made by delegations.

14. Concluding the discussion on progress made so far in the negotiations the Chairman felt that the submission of proposals by twenty-eight participants was a clear indication of the wish of the participants to start effective negotiations in pursuance to the negotiating objective in the area of tropical products. It was however obvious that the achievement of the objective of the fullest liberalization of trade in tropical products required in the forthcoming period of time more active participation. He urged therefore those participants which had not yet done so to submit their proposals without further delay so that these could be taken into account in future work. He also deemed it important to move now to the stage of improving proposals. In this connection delegations were invited to submit requests lists for improvements to adjust the proposals submitted as early as possible bearing in mind that the indicative deadline for submission of such requests as specified in the Procedures was 30 April 1990. The Chairman further felt that there was a shared perception in the Group that it was of particular importance for the negotiations in this area to progress at a pace which would enable participants by July 1990 to reach an outline of preliminary results concerning the measures of trade liberalization on tropical products which governments would be prepared to put on the table in Brussels. Obviously, such an outline would not preclude the continuation of negotiations after July in order to finalize the results in the area of tropical products in the light of conditions set forth by participants. He urged participants to make all efforts in order to achieve the aforementioned objective.

15. With respect to future meetings on tropical products the Group took note that the following dates had been tentatively set aside: 11-12 June, 9-10 July and 20 July 1990. These dates could be used both for meetings of participants which have submitted proposals and meetings of the Negotiating Group. The final dates would be established in consultation with delegations and the secretariat as work proceeds. The Chairman observed that aside from those meetings informal consultations and informal plurilateral negotiations among participants would be organized as necessary during the June-July period in order to enable participants to achieve the preliminary outline of results as mentioned above. Delegations should therefore be prepared to work on a continuing basis during that period. The Chairman would make himself available whenever so required.