

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

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MTN.GNG/NG3/18

18 May 1990

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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 7 May 1990

Note by the Secretariat

1. The Group, chaired by Ambassador Lindsay Duthie (Australia), held its sixteenth Meeting on 7 May 1990 and adopted the Agenda set out in GATT/AIR/2978.

Item (i) - Discussion of issues, submissions and notifications in accordance with paragraph 3 of the procedures for negotiations adopted by the Group on 21 March 1990 (NG3/16).

2. Submissions and notifications had, by the time of the meeting, been received from eleven countries, namely Argentina, Australia, Canada, Chile, Finland, Norway, Peru, Senegal, Sweden, Turkey and the United States. In the course of the meeting a submission from the European Community was distributed to participants.

3. The representative of Australia, outlining his country's negotiating proposal on NRBP's, said that his country's primary interest was in negotiating improvements in the international coal market, coal being Australia's most important export item. The proposal suggested three key areas where greater liberalization for coal trade was sought, namely (1) more operationally effective rules on subsidies having an impact on international coal trade; (2) specific commitments with respect to production subsidies and other support practices and barriers having an adverse effect on coal trade; and (3) improved transparency and understanding of the impact of coal support practices and other distortions. Australia was not doctrinaire in respect of where those negotiations took place or the form they might take, be it bilateral, plurilateral or multilateral. In Australia's view, however, the Negotiating Group on Natural Resource-Based Products was the appropriate forum for such negotiations, although, he stressed, important aspects of these matters were also pursued in other groups, especially the Negotiating Group on Subsidies and Countervailing Duties in which his country was very active.

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UR-90-0300

4. The representative of the European Community noted, in introducing the Community proposal on natural resource-based products, that the product coverage for the Group agreed to since 1982 remained valid. However, the Community was open to proposals for the extension of that coverage and had agreed to include energy products for instance. Apart from negotiating the reduction or elimination of classical barriers in NRBPs, i.e. tariff and non-tariff barriers, the Community also wanted to raise certain other practices, in particular double-pricing practices. He explained that double-pricing practices in this context meant a situation in which domestic producers had access at a lower price to a domestically produced commodity through a system of export taxes (processed products exempted) or export restrictions or prohibitions. He said that these measures were taken to promote processing in the domestic market. The opposite side of the coin was tariff escalation, which favoured imports of the primary product and discouraged processed ones. The Community proposed that improvements in these import and export practices be negotiated in parallel. He suggested that the negotiations start by a genuine standstill on restrictions, taxes, etc. and continue with an elimination of all existing export prohibitions. Then, export restrictions found to be incompatible with the GATT should be either eliminated or brought into conformity with the rules. This latter could be done, as a starting point, by way of a "tariffication" process. The Community proposal also suggested discussions/negotiations on access to fishery resources. In this regard, he stressed in particular the discriminatory aspects of measures concerning access to fishery resources, which could be significantly reduced or eliminated through negotiations. Discrimination occurred in three areas, he noted, namely when deciding how to share the surplus; in the conditions for joint exploitation; and with regard to over-the-side sales. Arbitrariness in these areas, he believed, should yield to rules of non-discrimination, in accordance with Article XIII of the GATT.

5. Several participants made preliminary comments on the Community proposal and clarification was sought on some points. Concern was expressed over the inclusion in the Community proposal of the question of access to fishery resources and of double-pricing practices. It was felt that the first matter fell outside the mandate of the Group, while there was a lack of consensus on the inclusion of the second. Some participants stressed that in their view access to fishery resources was the sole responsibility of the respective coastal states and not a question that should be addressed in the GATT. The purpose of negotiations on NRBPs in NG3, it was said, was liberalization of trade in those products, including in their processed or semi-processed form, i.e. reduction or elimination of tariff and non-tariff barriers.

6. In response to questions the representative of the European Community said that the Community was more interested in discussing issues which affected the trade of NRBPs than in a precise definition of the products covered. The solution to problems such as double-pricing needed to be looked at in general. As concerns energy products and the question of security of supply, he stressed that this was a very important question which he expected was going to be elaborated on by those that had proposed negotiating energy products in NG3. With regard to tariffication, the Community was not suggesting any particular procedure or methodology, while tariffication through bilateral or plurilateral negotiations was not

excluded. In respect of access to fishery resources the representative of the Community explained that the purpose of the proposal was to create a real basis for liberalization in the field of fisheries which he believed could not be done under the existing practices on access to fishery surpluses. He believed that this question was included in the mandate and asked that the door not be closed on this matter.

7. The Chairman recalled that the second phase of the final stage of the negotiations was coming to an end in July. As widely agreed to at the TNC in April a broad agreement should be reached by then in each negotiating group, the third and last phase of the final stage being devoted to giving the finishing touches to the agreements and preparing the necessary legal instruments for final adoption. The Chairman therefore suggested that the participants reflect on two questions for the next meeting of the Group and come prepared to discuss them:

- (i) what would or could the contribution of the Negotiating Group be to the global package of the negotiations, an outline of which should be ready by July?
- (ii) in what way should NG3 begin to make substantive assessments of the result of the negotiations so far as concerns particular NRBP's identified in the Group, including results in other Groups?

8. The next meeting of the Negotiating Group on Natural Resource-Based Products is scheduled for Friday 8 June 1990.