

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG6/23

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Special Distribution

Group of Negotiations on Goods (GATT)

Negotiating Group on Tropical Products

MEETING OF 12 JUNE 1990

Note by the Secretariat

1. The Negotiating Group on Tropical Products held its twentieth meeting on 12 June 1990 under the chairmanship of Mr. P. Leong Kee Seong (Malaysia). The Group adopted the Agenda set out in GATT/AIR/2994. No matters were proposed under "other business".

Review of progress achieved so far in the negotiations

2. The Chairman informed the Group that a number of thirty-two participants had thus far submitted proposals on tropical products either as separate proposals to this Group or as part of their general offers on tariffs. In addition to the participants listed in document MTN.GNG/NG6/W/45/Rev.1 Turkey, Cuba and Mexico had recently submitted proposals. In regard to requests for improvements of offers the secretariat has been informed of requests submitted by Australia and Colombia to several of their trading partners. The Chairman recalled the importance of submission by participants of such requests as soon as possible. He further informed the Group that those participants which had submitted proposals in accordance with the Procedures adopted by the Group (MTN.GNG/NG6/20) held a second informal meeting to review and assess the proposals on 11 June 1990.

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 progress achieved so far in negotiations and how best to organize the work in the forthcoming period. In this connection it was recalled that at the previous meeting of the Group on 27 April 1990 there was a shared perception among participants 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 in tropical products which governments would be prepared to put on the table in Brussels. Such an outline would not preclude the continuation of negotiations after July in order to finalize the results in this area in the light of conditions set forth by participants. The Chairman further stressed that in order to achieve this objective it was important that participants engage in intensive consultations and negotiations in the forthcoming period. In regard to the future schedule of work he suggested that unless otherwise required by delegations, participants meet again for assessing and reviewing proposals on 9-10 July and 20 July as necessary and that the Negotiating Group hold its next formal meeting on 20 July which would be its last meeting before the TNC meeting.

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4. The representative of Brazil informed the Group that the technical preparations of the Brazilian Negotiating Plan relating to the six market-access groups had almost been completed. This Plan was currently under consideration of the ministries involved and it was expected to be circulated in a few days.

5. The representative of Honduras introduced the initial offer of his country. The offer was made not only in a spirit of participation but also with the desire to make an effective contribution to the overall success of negotiations in this Group. It contained items falling within ten tariff-groups. The offer consisted in tariff reductions to about a 40 per cent level and ceiling bindings at 60 per cent level in order to harmonize them with the position adopted by other Central American countries in the course of their negotiations for accession to GATT. The proposal was based on an autonomous tariff reform recently adopted by the government within an overall programme for structural adjustment. The reform provided that at the end of the next three years the maximum tariff rate applied would be around 20 per cent. The offer was subject to changes or modifications depending on the benefits to be derived by Honduras in overall negotiations and in particular in the tropical products area. Finally, the representative informed the Group that an updated list of requests would be submitted by his country in the course of the next few days.

6. The representative of Indonesia announced an improvement in the previous proposal as well as an additional proposal by his country. The improvement of the initial proposal consisted in the reduction and binding of the tariff on one item and the elimination of import licensing on nine other items. The additional proposal was based on the autonomous measures of deregulation covering, inter alia, the reduction and elimination of duties and non-tariff measures which had been implemented as of 28 May 1990. These measures covered 2481 items including tropical products and consisted in reduction of tariffs, elimination and conversion into tariffs of a great number of non-tariff measures, removal or reduction of import charges, elimination or simplification of import licensing and removal of export restrictions. The additional offer on tropical products contained the reduction or elimination of tariffs on 91 items and the removal of non-tariff measures on 38 items. This proposal would be shortly submitted to the secretariat for circulation to other participants which had themselves tabled proposals.

7. The Group welcomed the announcements made by Brazil and Honduras concerning the submission of their proposals as well as the improvement of the offer and the submission of an additional offer by Indonesia.

8. Referring to progress made so far in the negotiations, one participant speaking also on behalf of several other participants recalled that special attention had been recognized in Punta del Este for negotiations on tropical products given the importance of this sector for the trade of many developing countries. Consequently, the outcome of the negotiations should be the reduction of barriers to the exports of developing countries in the developed countries which were major markets for tropical products. It was on the basis of this understanding that the negotiations had started.

However, in the course of negotiations developed countries were unwilling to move unless developing countries which were main beneficiaries would make contributions. As a result the notion of contributions by developing countries had been incorporated in the Mid-Term Review Agreement. Taking stock of the proposals on the table and the announcements concerning the submission of new proposals made at this meeting the representative felt that there had been a significant move in negotiations from the part of developing countries. Many developing countries had tabled offers and some of them expressed willingness to improve their offers. These contributions were in accordance with the trade, development and financial needs of developing countries which was a principle enshrined in the Punta del Este Declaration. Despite the significant contributions made by developing countries and the principles governing negotiations, some developed countries were seeking reciprocity from developing countries while others posed stringent conditions on their proposals. Goodwill seemed to be lacking on the part of some developed countries in the negotiations. The representative also said that some offers of developed countries were far from meeting the export interests of the countries he represented. The major shortcoming was product exclusions. Some developed countries maintained that these products would be dealt with in the negotiations on Agriculture. In his view, such a linkage was not warranted as it would only unnecessarily delay the negotiations in the Group on Tropical Products which had its own comprehensive negotiating objective and specific product coverage. Another source of concern was related to the idea advocated by one major trading partner of rebalancing protection in the agricultural negotiations. The representative urged developed countries not to maintain linkages with agricultural negotiations and to make offers on products currently excluded from their proposals. He suggested that these countries indicate what they would be prepared to do on agricultural tropical products not included in their proposals. Such offers could be conditional upon the outcome of the negotiations on agriculture. Yet this would help other participants to improve their own proposals. Tropical products was one of the few areas where developing countries stand to benefit. Therefore significant results in this area were a prerequisite for a successful and balanced outcome of the overall negotiations. Finally, the representative expressed readiness to carry out intensive negotiations with trading partners in a constructive manner.

9. Another participant felt that there should have been more progress in negotiations on tropical products if there had been less linkages with other groups. Such linkages would defeat the very purpose of establishing a distinct group for tropical products which had been to enable developing countries to derive benefits in an area of special importance to them. Many developing countries had made offers in this Group in order to show goodwill and readiness to negotiate. These countries had expected that developed countries would improve their offers. Not only this had not been the case but developed countries expected more offers from developing countries. He therefore urged developed countries to improve offers and not expect developing countries to make additional offers inconsistent with their needs and possibilities. He believed that the benefits from negotiations on tropical products should be in favour of the developing countries.

10. One participant felt that progress in negotiations was very slow. This put in jeopardy the achievement of an outline of preliminary results in July. Moreover, some countries during the informal consultations had even started to speak of withdrawal of offers. This would be very premature indeed because the targets set out for these negotiations at the Mid-Term Review were far from being reached. The representative also expressed concern over the fact that some countries seemed to ignore that contributions by developing countries should be commensurate with their economic needs and that such contributions could be made in overall negotiations.

11. The Group agreed with the schedule for further work in the period till July suggested by the Chairman.

12. In concluding the meeting the Chairman made the following remarks:
"Delegations are aware of the importance of the July target date concerning an outline of preliminary negotiating results. As emphasized by the Chairman of the Trade Negotiations Committee at its meeting on 11 April 1990, 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.

"Participants which have submitted proposals on tropical products held two meetings so far to review and assess these proposals on the 26 April and on 11 June 1990. The Negotiating Group met twice to consider progress made in negotiations, on 27 April and 12 June. Thirty-two participants thus far have submitted proposals. At this meeting Brazil and Honduras announced the submission of their proposals shortly. I feel encouraged that in recent weeks more participants put forward proposals or offered improvements in their previous proposals.

"However, I believe that the achievement of the objective of the fullest liberalization of trade in tropical products requires more active participation in the coming few weeks when two more meetings of participants for assessing proposals and one more meeting of the Negotiating Group are scheduled. To this end, I feel that participants might wish to consider the following:

- (i) The latest negotiating situation should be referred to capitals and negotiating guidance on positions should be sought;
- (ii) Participants which have not done so should make contributions in accordance with their trade, development and financial needs;
- (iii) Further efforts should be made to improving offers and contributions in terms of products coverage, elimination or substantial reduction of tariff and non-tariff measures as well as increasing the scope of bindings;
- (iv) Bilateral consultations and negotiations should be intensified among participants and informal plurilateral consultations and negotiations should be organized if necessary;

- (v) The necessary efforts should be made so that all offers on tropical products are forthcoming on the basis that this is an area of special attention.

" Finally, I would stress the short time left - one and a half months before the July target. Support and cooperation from all participants is needed in order to translate the political commitment undertaken by governments in regard to the negotiating objective of fullest liberalization of trade in tropical products in concrete results. Such results to be achieved by this Group would have a positive impact on the Uruguay Round".