

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

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Special Distribution

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

TROPICAL PRODUCTS

Communication from the European Communities

The following communication, dated 15 October 1990, has been received from the European Communities.

In the Negotiating Group on Tropical Products the Community remains fully committed to the negotiating objectives set out in the Punta del Este Declaration and the Mid-Term Review. It recognizes that the fullest liberalization of trade in tropical products is particularly important for a large number of less-developed contracting parties.

To this end it submitted on 15 March of this year a detailed illustration on a line-by-line basis of the trade liberalization it is willing to embark upon. As the world's largest market for tropical products the Community's proposal would have far reaching effects. The complete elimination of duties on tropical raw materials and cuts of 35 per cent and 50 per cent on semi-processed and processed tropical products respectively were envisaged.¹ In addition the Community indicated its willingness to negotiate the progressive reduction of its internal taxes on tropical beverages if trade partners could provide evidence that such internal taxes had an effect on consumption and trade.

The Community indicated in its proposal that in order to achieve the objectives of the Group other participants would also have to make comparable efforts. A fair degree of multilateral burden sharing as well as appropriate contributions from beneficiary countries including developing countries was a prerequisite for further trade liberalization by the Community in this sector. The Community also stressed the need to address the problems arising from export restrictions on some tropical raw materials by countries enjoying a dominant supply position and the trade impact that further liberalization in tropical products could have on a significant number of least-developed countries which benefit from preference margin in their trade with the Community.

¹It is recalled that for certain products in the list there is the need to demonstrate their tropical nature. The Community expects that participants will be ready to assist in the identification of such products in the on-going negotiations.

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It is with regret that the Community must express its disappointment that its ambition in this Negotiating Group with some exceptions is not matched by its trade partners. At first sight the number of proposals on the table is encouraging but in many cases the same cannot be said for their quality and scope. In this context the Community has two options: it can scale down its own proposal to correspond to its trade partners' ambitions or it can make further efforts to secure the greatest possible liberalization in this sector by maintaining on the negotiating table its proposal of the 15 March.

The Community chooses the second option. In doing so, the Community wishes to demonstrate its full commitment to a substantial success in these negotiations. Nevertheless, it would also like to underline the importance it attaches to other participants also demonstrating their political commitment to the success of negotiations in this Group with appropriate contributions. In the short time remaining for negotiations with its trade partners, the Community will be engaged in a constant process of evaluation of the contributions on offer by its trading partners. Particular attention will be paid to contributions from other developed countries in order to ensure a fair degree of burden sharing.

The Community does not exclude the possibility of going beyond the scope of its present liberalization proposal if trading partners' improved contributions warrant it.

The Community is hopeful that the intensive exchanges now underway will make it possible to pursue this second option. In its continuing evaluation of others' contributions, the Community will bear very much in mind the special status of the sector in the Round as a whole, and will set its evaluation in the global context of the negotiations.