

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

**RESTRICTED**

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Group of Negotiations on Goods (GATT)

Negotiating Group on Tropical Products

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**TROPICAL PRODUCTS**

**Communication from Central American Countries**

The following communication, dated 14 November 1990, has been received from the delegations of Guatemala, El Salvador, Nicaragua, Honduras and Costa Rica, Member States of the Central American Common Market, with the request that it be circulated as a document of the Group.

1. The member countries of the Central American Common Market (CACM), Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica, have a particular interest in the negotiations on tropical products which are being conducted in the Uruguay Round. For success in the negotiations in this area, it is essential to find a solution, in the framework of the specific negotiations being held in the tropical products Group, to the access problems facing those products in the main importing markets, and also that no product whatsoever should be excluded from the negotiations.
2. In order to achieve this end, the CACM member countries have established bilateral consultations and negotiations with their main trading partners in order to find a formula that will enable progress to be made in trade liberalization. Thus, they have made a proposal to the European Economic Community (EEC) concerning bananas, a tropical product to which they attach the utmost importance.
3. The proposal is based on the principles set out in the Punta del Este Declaration and the decisions of the Montreal Mid-Term Review, and is in keeping with the rules of the General Agreement. On the basis of these principles and rules, the Central American proposal provides that:
  - (a) The priority assigned to resolving access problems for tropical products more rapidly and in greater depth than in other areas should be maintained.
  - (b) The application of trade restrictive measures contrary to the rules and principles of the General Agreement should not be continued beyond the conclusion of this Round of negotiations. Restrictions and discrimination by EEC countries on Latin American bananas, which are incompatible with Articles III, XI and XIII, are a particular source of concern.

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- (c) Within the framework of the Uruguay Round, a negotiated transition formula should be established in order to advance over a specified period towards the target of full liberalization of access for bananas to the Community market. The proposed transition formula is based on the following criteria:
    - (i) account should be taken of present consumption plus an increment as a consequence of the expansion of the Community market and the elimination of discriminatory quantitative restrictions and internal taxes in the EEC countries applying them;
    - (ii) quantification of banana imports from Central America and other dollar area countries on the basis of past volumes and trends; and
    - (iii) progressive tariff reduction starting from the average rate applied by the EEC to Latin American bananas.
4. On the basis of the above, the proposal made specifically envisages:
- (a) The adoption of a tariff quota to be allocated to exporting countries in accordance with Article XIII of the General Agreement. The amount of the quota is to be determined on the basis of past shares of banana exporters to the EEC plus an increase equivalent to a minimum access percentage to be negotiated to take account of the amount of consumption lost because of the restrictions currently applied to exports from the dollar area in the markets of various EEC countries.
  - (b) The fixing of a tariff rate, at the tariff-heading level, which should not be higher than the weighted average of the rates currently applied by the various EEC countries.
  - (c) A transition period which will at the same time both increase the quota percentage and reduce the tariff rate until it is completely eliminated.