

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG6/27

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Special Distribution

Group of Negotiations on Goods (GATT)

Negotiating Group on Tropical Products

MEETING OF 15 NOVEMBER 1990

Note by the Secretariat

1. The Negotiating Group on Tropical Products held its twenty-third meeting on 15 November 1990 under the Chairmanship of Mr. P. Leong Khee Seong (Malaysia). The Group adopted the agenda set out in GATT/AIR/3138.

Status of work in the negotiating group and the evaluation of the results attained in terms of the objectives of the negotiations

2. Before introducing this item of the agenda the Chairman referred briefly to the question of the formal presentation of the results of negotiations at the Brussels meeting. He said that under the present circumstances, since the negotiating process was not yet completed, the only way to proceed appeared to be the submission of a factual report by the Chairman of the Negotiating Group under his own responsibility to the Chairman of the TNC. He also recalled that this matter was discussed at the Informal Meeting of Participants in Market-Access Negotiations on 13 November 1990.

3. Turning to the first item of the agenda the Chairman recalled that in accordance with paragraph 5 of the Mid-Term Review Decision on Tropical Products "the Negotiating Group shall, before the completion of the negotiations conduct an evaluation of the results attained therein in terms of the objectives of the negotiations".

4. The representative of Japan informed the Group of the submission today of its final offer which subsumed the contributions previously made at Montreal, the offers tabled in March, July and October 1990 and contained in addition a set of further improvements. The main features of the offer were as follows: elimination of tariffs on ninety-eight items; bindings at zero level on twenty-one items which were previously duty-free; reduction of 50 per cent on seventy-three items; reductions between 30 and 50 per cent on 131 items and tariff cuts under 30 per cent on eleven items. All the new rates were bound. The overall tariff reduction was 31.3 per cent bringing down the tariff average from 5.5 per cent to 3.7 per cent. If the reduction or elimination of tariffs undertaken autonomously on a number of items since the beginning of the Round were included in the calculation the overall reduction represented 53.2 per cent. GSP offers were not included in the calculation. The last set of improvements contained in the final offer covered ninety-four agricultural tropical products and some items following in chapter 44. The representative hoped that this final offer which improved access to Japanese markets - the second largest single country market for tropical products - would further contribute to the economic development of its trading partners.

5. Several participants welcomed the Japanese offer and reserved the right to study it carefully. It was felt however that this submission furthered the negotiating process. In particular, the inclusion of agricultural tropical products in the offer was noted as a positive development.

6. Recalling the willingness previously stated by Malaysia to improve its offer if other participants did the same, the representative of this country informed the Group of the decision to further improve the revised offer submitted in October. The offer contained a number of items of interest to least-developed countries in particular jute and jute products. In line with the call for eliminating nuisance duties all duties on items from 53.08 onwards will be reduced from 2 per cent to zero. In addition not only bindings at ceiling levels would be offered but also on some products at applied rates.

7. The representative of South Africa announced that the reductions of tariffs to zero contained in the autonomous contribution submitted in November 1989 would be bound.

8. The Group welcomed the submission of new offers or improvements in offers announced by the abovementioned participants.

9. The representative of Guatemala speaking also on behalf of other Member States of Central American Common Market (El Salvador, Honduras, Nicaragua and Costa Rica) made the statement subsequently circulated in document MTN.GNG/NG6/W/65. The statement contained a specific proposal addressed to the EEC for making progress in liberalizing trade in bananas a tropical product to which the Central American Countries attached utmost importance.

10. Referring to the situation in negotiations several participants stated that despite new offers and improvements in offers announced the results attained so far were not satisfactory as they did not fully correspond to the objectives set out in the Punta del Este Declaration and in the Mid-Term Review Decision on Tropical Products. Although there was little time left before the Brussels meeting they hoped that improvements in offers in particular from the main trading partners would be forthcoming. Some participants recalled the special attention accorded in Punta del Este for this area of negotiations, given the importance of trade in tropical products for many developing countries, and emphasized that so far the negotiations had not brought about a satisfactory result in terms of market-access conditions for developing country exports. It was also pointed out that this was the first time that developing countries had made contributions to multilaterally negotiated results on tropical products. Despite a satisfactory level of participation in negotiations some offers tabled by major trading partners did not meet the objectives of the fullest trade liberalization or contained elements of conditionality which prevented a precise assessment of the degree of liberalization involved in such offers. Another point made by some participants was that the autonomous liberalization measures implemented by developing countries which already resulted in increased trade opportunities for their trading partners had not yet received

appropriate recognition as specified in the Mid-Term Review Agreements. One representative said that given the present situation in negotiations her country would make its final offer in all market-access groups after evaluating the benefits to be derived from the final offers by other participants.

11. One representative speaking on behalf of several other participants recalled that their markets were significantly liberalized before the launching of the Uruguay Round. Their contributions made in Montreal further improved the degree of liberalization. The proposal put forward in March this year which was subsequently confirmed as an offer would lead to an almost complete liberalization. Furthermore these participants had indicated willingness to negotiate even further reductions if other participants would do the same. In the view of the representative some of the offers on the table did not constitute appropriate contributions towards the negotiating objective. Therefore the countries she represented might have to reassess their present offers before Brussels if further improvements of offers in particular from the main trading partners would not be forthcoming. Finally the representatives noted that while GSP contribution were unilateral and outside the negotiating process such action was nevertheless an effective means for improving market-access for developing countries.

12. One representative observed that a number of contributions tabled by other participants did not match the proposal submitted by his group of countries. Nevertheless though little time was left it was still possible to improve offers so that the Brussels meeting adopt improved results in these negotiations.

13. Another representative recalled that all participants committed themselves to the objective of the fullest liberalization of trade in tropical products. His country's proposal which envisaged the reduction of tariffs by 67 per cent was the most ambitious of the fifty proposals on the table. In addition the proposal included all agricultural tropical products. It should also be noted that the pre-Uruguay Round degree of tariff liberalization in his country was the most extensive as compared with the post-Uruguay Round degree of liberalization in all but three markets, if their current offers would be implemented. Commenting on the thirty-seven offers assessed the representative observed that half of them offered tariff reductions of 50 per cent or less. Roughly half of the fifty proposals on the table offered little or no liberalization. As indicated before his country would not and could not liberalize unilaterally. With few exception offers presently on the table did not meet the Punta del Este objective. Referring further to the view expressed by some participants which attributed this situation to the linkages made with negotiations on agriculture the representative observed that linkages with other areas were made by other participants as well. Moreover, given the critical nature of agriculture to the Uruguay Round which his country and others had repeatedly emphasized, the linkage with agriculture was understandable. While time was running out it was still possible for participants to re-evaluate their proposals keeping in mind the need of meeting the negotiating objective.

14. Some participants drew attention of the Group to the statement made by African, Caribbean and Pacific Countries, which were contracting parties to the GATT and signatories of the Lomé Convention contained in MTN.TNC/W/28. One of these participants said that the statement set out a number of findings based on the offers tabled by 31 July 1990, which remained valid despite the new offers made since then. This analysis pointed out that developed countries would be the major beneficiaries of the offers tabled while the major losers would be the countries of the African region. As a result of the offers on the table, imports from African countries in the European Community were likely to decline mainly due to the erosion of preferential margins in that market. It was imperative that the negotiations on tropical products lead to a balanced outcome that was mutually beneficial to all participants in negotiations. Given the current situation in negotiations corrective action need to be taken in order to achieve that objective.

Other business including implementation of results

15. Some participants underscored the need for speedier implementation of results in the tropical products area which would be in accordance of the mandate of the group. It was hoped that a decision in this respect would be taken soon, before the Brussels meeting. It was also suggested that this matter be referred to in the Chairman's report to the Chairman of the TNC.

16. Some other participants expressed willingness to consider a flexible attitude in regard to advance implementation of results in tropical products negotiations. One participant said that such a flexible attitude could relate both to the implementation dates of contributions by developing countries and to staged implementation by developed countries. However the final decision would depend on the situation in other market-access groups.

17. One participant restated his willingness to expedite implementation of results on an agreed list of agricultural tropical products provided that other countries would do the same. For industrial tropical products at the present time he could not consider expedited implementation given the continuing lack of progress in market-access negotiations. However such implementation could be taken into account in the future on the basis of a request/offer procedure.

18. One participant said that his country was in a position to implement its offer immediately. He also proposed that all participants which did not need legislative approval implement their market-access offers as of 1 January 1991 and those which need such approval as of 1 January 1992. In respect to tropical products any staged implementation that might be agreed in tariff negotiations should be shorter.

19. Another participant said that his country envisaged to implement concessions on industrial products over 5 years while for agricultural products a period of 10 years was foreseen. As regards tropical products,

his country would indicate in its final list on the basis of its assessment of negotiating results those products for which the results would be implemented more rapidly.

20. In concluding the discussion at this meeting the Chairman remarked that a number of participants made statements and comments reflecting their perceptions of the situation in negotiations and results obtained so far. Although the negotiating process was not yet completed and the evaluation of results could not have but a preliminary character, he fully shared the expressions of concern over the state of negotiations voiced by some participants. In the light of the discussion he believed there was a shared perception in the Group that the situation of negotiations to date called for further joint efforts in order to meet the negotiating objective of the fullest liberalization of trade in the area tropical products. He hoped that as a result of such joint efforts the Brussels meeting would achieve tangible results which in the area of tropical products would include an advance implementation of concessions.

21. Finally, the Chairman expressed his gratitude for the co-operation demonstrated by delegations throughout the process of negotiations as well as for the support received from the secretariat. A number of delegations paid tribute to the Chairman for his dedicated work and perseverance in fulfilling his responsibilities. The contribution of the GATT secretariat was also appreciated.