

Chair's Reference Paper¹

TROPICAL AND DIVERSIFICATION PRODUCTS

Background

Paragraph 9 of the Hong Kong Ministerial Declaration (WT/MIN(05)/DEC) states, *inter alia*, that:

"...We reaffirm that nothing we have agreed here compromises the agreement already reflected in the Framework on other issues including tropical products and products of particular importance to the diversification of production from the growing of illicit narcotic crops."

Paragraph 43 of the Agreed Framework (Annex A of WT/L/579) states that:

"Full implementation of the long-standing commitment to achieve the fullest liberalisation of trade in tropical agricultural products and for products of particular importance to the diversification of production from the growing of illicit narcotic crops is overdue and will be addressed effectively in the market access negotiations."

¹ The headings used in this reference paper are indicative only.

Structure for Discussion

Introduction

1. Paragraph 43 of the Agreed Framework and paragraph 9 of the Hong Kong Ministerial Declaration state that these negotiations should effectively address the full implementation of the long-standing commitment to achieve the fullest liberalization of trade in tropical agricultural products and products of particular importance to the diversification of production from the growing of illicit narcotic crops (tropical and diversification products). Clearly, if Members are to prepare Schedules of Commitments that respect the political agreement made by Ministers, the modalities should address effectively two key elements: what are the actual products that we are talking about when we say tropical and diversification products; and how should they be treated so as to achieve the commitment made in paragraph 43 of the Agreed Framework and paragraph 9 of the Hong Kong Ministerial Declaration.

Product Coverage

2. There has been a variety of definitions for tropical products put forth over the past fifty years which underlines the fact that indicative lists of tropical products represent negotiated outcomes. Various documents, such as the Mid-Term Review of the Uruguay Round (MTN.TNC/11)², refer to different indicative lists. Furthermore, the possibility of adding products to the list has been incorporated into previous lists of products, as in the Uruguay Round text which states that "it was understood that this would not constitute a definition of tropical and alternative products nor an exhaustive listing and that other products might be included as negotiations proceed".

3. One recent proposal (Job(06)/129) defines tropical and alternative products as "those products growing between the Tropic of Cancer and the Tropic of Capricorn. Alternative products are those products growing in tropical zones under the potential of growing illicit crops that threaten human and social development". The proposal also includes a list of such products (see Annexes 2 and 3). This list is not really comparable to the Uruguay Round list because it explicitly includes alternative products and does not include non-agricultural products. Clearly we could – one might even say we should – develop a common definition of what constitutes a tropical and diversification product, but I find it hard to avoid the conclusion that we should recognize up front that any list of products will represent a negotiated list, and that we are not necessarily seeking to achieve a list that would satisfy a precise definition of the meaning of "tropical" as understood by an adept at defining geographical terms – or should I say indications.

4. As far as lists themselves are concerned (whether based on definitions or not), I perceive at least three approaches: (i) we could seek to achieve an agreed exhaustive list; (ii) we could allow individual Members in preparing their draft Schedules of commitments to decide what products should be treated as tropical and alternative products; or (iii) we could use an approach which would permit directed flexibility, whereby we could consider establishing a core set of tropical and alternative products and allow individual Members to add to this list in preparing their Schedules, with possible amendments arising from verification. Of course, there are probably different alternatives that could be developed and further explored. I do have to say that, personally, I find it difficult to believe that Members will ever agree to allow "importer" self-selection, especially so without an agreed definition, so I don't see that as promising avenue. On the other hand we have never reached agreement on an exhaustive list in the history of GATT/WTO negotiations, so I am not optimistic about scoring a first this time around.

² Tropical beverages; spices, flowers and plaiting products; certain oilseeds, vegetable oils and oilcakes; tobacco, rice and tropical roots; tropical fruits and nuts; natural rubber and tropical wood; jute and hard fibres.

5. If Members wish to develop a standard or core list of tropical products, one possible approach would be to use the proposals lists of tropical products as set out in Annexes 1 and 2. Although some products on these lists may be controversial, it might be worth first noting that, for many of the products on the lists, there is little or no doubt that they are tropical or diversification products. Therefore we could begin by developing a list of products for which agreement exists and then proceed to determine what other products, if any, should be added.

6. All of that said, we have very little time. I have to confess to a certain degree of scepticism that we would have the time to do this, based on where we have got to at this point. If there is a will to move in this direction, I would welcome it, but we would need to have pretty clear and unambiguous signs of readiness to do this and to be prepared to abandon excessive ambit claims. Otherwise this would be a futile exercise to embark upon.

Treatment

7. In the consultations held to date, the definition of "fullest liberalisation" has attracted a lot of attention with various interpretations and opinions put forward. What can I say, or more to the point what can I say that would not be unhelpful? I suggest that the Secretariat paper prepared in February of last year (TN/AG/S/17) makes sobering reading on the matter as regards what the context is for this form of words – or a version pretty close to that form – in the past. What does seem to me to be hard to get away from is that the word "fullest" is pretty difficult to reconcile with something that is less than the "default" liberalisation treatment (whatever the latter might turn out to be). When yicb5is that es that15 TD.8(latt

ANNEX 1

ANNEX 4 OF TN/AG/S/17

INDICATIVE LIST OF TROPICAL PRODUCTS³ USED IN THE URUGUAY ROUND⁴

PRODUCT GROUPS AND SUB-GROUPS		4-DIGIT HS HEADINGS⁵
Group I:	Tropical beverages	
(a)	Unprocessed products	0901, 0902, 1801, 1802
(b)	Semi-processed and processed products	1803, 1804, 1805, 2101
Group II:	Spices, flowers and plants, plaiting products, etc.	
(a)	Unprocessed products	0904-0910, 0602, 0603, 1211, 1301, 1401, 1402, 1403, 1404
(b)	Semi-processed and processed products	1302, 1521, 3203, 3301, 4601, 4602, 9601
Group III:	Certain oilseeds, vegetable oils and products thereof	
(a)	Unprocessed products and residues from oil extraction	1202, 1203, 1207, 2305, 2306
(b)	Semi-processed and processed products	1208, 1508, 1511, 1513, 1515, 1516, 1518, 1519, 1520
Group IV:	Tropical roots, rice and tobacco	
(a)	Unprocessed products	0714, 1006, 2401
(b)	Semi-processed and processed products	1106, 1108, 1903, 2402
Group V:	Tropical nuts and fruits	
(a)	Unprocessed products	0801, 0803, 0804, 0807
(b)	Semi-processed and processed products	2006, 2007, 2008
Group VI:	Rubber and tropical wood	
(a)	Raw material	4001, 4403
(b)	Semi-manufactures	4005-4009, 4407-4410, 4412
(c)	Finished products	4011, 4013-4017, 4414, 4418-4421, 9401, 9403
Group VII:	Jute and hard fibres	
(a)	Raw material	5303, 5304, 5305
(b)	Semi-manufactures	5307, 5308, 5310, 5311
(c)	Finished products	5607, 5608, 5609, 5905, 6305

³ There is no agreed definition of what constitutes tropical products.

⁴ See for instance document MTN.GNG/NG6/W/5.

⁵ The Harmonized System (HS) was introduced from 1 January 1988.

ANNEX 2

From Job(06)/129

LIST OF TROPICAL AND ALTERNATIVE PRODUCTS

PRODUCT GROUPS AND SUB-GROUPS		4 DIGIT HS
Group I: Tropical beverages		
(a) Unprocessed products		0901, 0902, 1701, 1801, 1802
(b) Semi-processed and processed products		1703, 1803-1806, 2101, 2103, 2208
Group II: Spices, flowers and plants, plaiting products, etc.		
(a) Unprocessed products		0904-0910, 0602-0604, 1211, 1212, 1301, 1401-1404
(b) Semi-processed and processed products		1302, 1521, 3203, 3301
Group III: Certain oilseeds, vegetable oils and products thereof		
(a) Unprocessed products and residues from oil extraction		1202, 1203, 1207, 2305, 2306
(b) Semi-processed and processed products		1208, 1502, 1504, 1505, 1507, 1508, 1511-1513, 1515-1518, 1520-1522
Group IV: Tropical roots, rice and tobacco		
(a) Unprocessed products		0701, 0702, 0709, 0711, 0713, 0714, 2401
(b) Semi-processed and processed products		1106, 1108, 1903, 2402, 2403
Group V: Tropical nuts and fruits		
(a) Unprocessed products		0801-0805, 0807, 0810-0814
(b) Semi-processed and processed products		2001, 2004-2009
Group VI: Jute and hard fibres		
(a) Raw material		5001, 5201

ANNEX 3

SEQUENTIAL LIST OF 4 DIGIT HS CODES INCLUDED IN JOB(06)/129

HS4	HS4 DESCRIPTION
0602	Other live plants (including their roots), cuttings and slips; mushroom spawn.
0603	Cut flowers and flower buds of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared.
0604	Foliage, branches and other parts of plants, without flowers or flower buds, and grasses, mosses and lichens, being goods of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared.
0701	Potatoes, fresh or chilled.
0702	Tomatoes, fresh or chilled.
0709	Other vegetables, fresh or chilled.
0711	Vegetables provisionally preserved (for example, by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption.
0713	Dried leguminous vegetables, shelled, whether or not skinned or split.
0714	Manioc, arrowroot, salep, Jerusalem artichokes, sweet potatoes and similar roots and

HS4	HS4 DESCRIPTION
	perfumery, in pharmacy or for insecticidal, fungicidal or similar purposes, fresh or dried, whether or not cut, crushed or powdered.
1212	Locust beans, seaweeds and other algae, sugar beet and sugar cane, fresh, chilled, frozen or dried, whether or not ground; fruit stones and kernels and other vegetable products (including unroasted chicory roots of the variety <i>Cichorium intybus sativum</i>) of a kind used primarily for human consumption, not elsewhere specified or included.
1301	Lac; natural gums, resins, gum-resins and oleoresins (for example, balsams).
1302	Vegetable saps and extracts; pectic substances, pectinates and pectates; agar-agar and other mucilages and thickeners, whether or not modified, derived from vegetable products.
1401	Vegetable materials of a kind used primarily for plaiting (for example, bamboos, rattans, reeds, rushes, osier, raffia, cleaned, bleached or dyed cereal straw, and lime bark).

HS4	HS4 DESCRIPTION
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