

# EUROPEAN COMMUNITY

BACKGROUND INFORMATION

EUROPEAN COMMUNITY INFORMATION SERVICE

2100 M Street NW, Washington DC 20037 Telephone (202) 872-8350

New York Office: 277 Park Avenue, New York NY 10017 Telephone (212) 371-3804

April 14, 1976

BACKGROUND NOTE

No. 19/1976

## EC OFFERS TRADE CONCESSIONS ON \$2.2 BILLION-WORTH OF TROPICAL PRODUCTS

The European Community has offered the developing world new trade concessions covering \$2.2 billion-worth of tropical products.

The offer was made in Geneva in the Multilateral Trade Negotiations (MTN) now taking place within the General Agreement on Tariffs and Trade (GATT). Tropical products had been named a priority area for these negotiations in the "Tokyo Declaration" of September 1973 at the close of the opening round.

### What the Community is Offering

The Community's offer, made in response to requests from more than 20 countries, mainly in Asia and Latin America, would take effect on January 1, 1977. The concessions include tariff reductions, the removal or reduction of quantitative restrictions, and for the first time in the Community's history, the binding or removal of member state taxes on products such as coffee, tea, and spices.

Many of the tariff concessions offered will be applied on a most-favored-nation (MFN) basis, meaning that every GATT member can take advantage of it. The tariff concessions offer covers 180 products, including coffee, cocoa, tobacco, spices, processed vegetable oils, flowers, and shellfish. In practice, however, the products chosen are exported mainly by developing countries. In addition, the Community has offered to add 58 products to its generalized tariff preference list and make improvements for 69 products already on the list.

Most of the products for which the Community has offered tariff concessions are not subject to quantitative restrictions. Recently, the Community removed fruit juices and flowers, among other products, from its list of products subject to quantitative restrictions. The Community's offer would add two new products to its "liberalization list.

### General Approach

In making its offer on tropical products, the Community emphasized that trade liberalization will not solve every problem connected with trade in these commodities. It

therefore plans to continue taking an active role in other organizations studying the same problems -- including the Conference on International Economic Cooperation ("North-South Dialogue") and the United Nations Conference on Trade and Development (UNCTAD).

The Community said it expected other developing countries participating in the MTN to make a like effort. The Community is not asking developing countries for any concessions in return, only for a contribution in keeping with the state of their economies.

The US also has tabled an offer which would reduce duties on \$1 billion-worth of tropical products and is conditional on trade liberalization by developing countries.