

Tropical products under Doha: balancing liberalisation and the avoidance of preference erosion

A contribution to the current debate on tropical and diversification products

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1. Introduction and summary

1. This paper analyses trade in products that one group of WTO members wish to see substantially liberalised under the Doha Development Round (DDR) and another group wishes to see regulated in a way that minimises preference erosion. It takes as its starting point the products lists prepared by eight Latin American (LA) states (for full liberalisation) and by the African, Caribbean and Pacific (ACP) group (to avoid preference erosion). Its objective is simple: to identify ways in which the overlap between these two lists (and hence the difference in position of the two groups with respect to tropical products) could be minimised without requiring either party to abandon significant interests.

2. The analysis has been done very rapidly and, in consequence, has focused only on the most important markets and products. If the results help to brief the negotiators in a positive way they can easily be extended.

3. The key findings are as follows.

1. There is significant overlap between the list of items for which the eight LA states seek substantial and rapid liberalisation by developed countries and the ACP list of items for which preference erosion is a concern. The overlap is so broad as to bring the possibility of compromise into doubt.
2. If the ACP were willing to limit their exclusions just to goods they actually export to the EU (in other than trivial amounts) and which face most-favoured-nation (MFN) tariffs of 10 percent or more, the overlap between the two lists (i.e. the 'problem products') could be halved.
3. If the signatories to the LA paper would agree to remove from their list the remaining contentious items on which they already have duty-free access to the EU under GSP+ the overlap could be reduced by a further 82 percent.
4. What's left is a group of 'hard cases' in which 'compromise' is unlikely, but which is sufficiently short that high-level discussions could feasibly produce a *modus vivendi* between the two groups.

4. There appears to be adequate scope in the draft modalities paper to give effect to a resolution of the remaining differences between the two groups if a compromise can be reached.

2. The background

5. In a communication from eight LA countries of 28 April 2006 (referred to in this paper as 'the LA proposal') it was proposed that the phrase 'the fullest liberalization of trade in tropical agricultural products ...' be interpreted in the modalities to mean:

- ◆ elimination of all customs duties and quantitative restrictions on an MFN basis;
- ◆ shorter implementation periods;
- ◆ sensitive products not to include tropical (and alternative) products.¹

¹ JOB(06)/129 by Bolivia, Colombia, Costa Rica, Ecuador, Guatemala, Nicaragua, Panama and Peru.

6. At the same time, the ACP group has expressed concern that the rapid and substantial liberalisation of some such items would seriously erode its preferences (the ACP paper).² To the extent that the products identified by the eight LA countries and by the ACP overlap, it is difficult to see how the wishes of the one can be fulfilled without overriding the concerns of the other. The purpose of this paper is to provide information that may be helpful to negotiators seeking to identify a compromise by modest changes to the two lists.

7. The paper analyses the two most recent lists of tropical products for ‘the fullest liberalization’ and of ACP sensitive products to identify the following:

1. the initial overlap between the two lists (i.e. the products on the Latin American list about which the ACP are concerned because of preference erosion);
2. the extent to which the two would overlap if the ACP list were focused on those items actually exported under effective preference;
3. the ‘cost’ to the ACP of preference erosion following full MFN liberalisation for the products identified in Step 2;
4. the ‘cost’ to Latin America of deferring liberalisation on the items identified at Step 2.

8. The effects of this multi-step process are shown in the Appendix, which reproduces the ‘LA proposal’ and colour codes the products listed.

3. The initial overlap

9. The two lists of products that have been compared are the ‘Draft [Indicative list of] Tropical Agricultural Products and Products of Particular Importance to the Diversification of Production from the Growing of Illicit Narcotic Crops’³ and the ‘Provisional Indicative List of Products relating to Long-standing Preferences’.

10. There are 86 product groups on the LA list and 43 on the ACP list – all of them set at the Harmonised System (HS) 4-digit level. Sixty-one items (colour coded yellow in the Appendix) are not on the ACP list and so are unproblematic. But 25 items are on both the LA list and also on the ACP list. Hence, were the Latin Americans to agree to exclude from ‘the fullest liberalization’ all items that are on the ACP list, the scope of liberalisation would be narrowed by 29 percent.

4. A focused ACP list

11. Because the removal of 29 percent of the LA list would require a fairly substantial degree of compromise, the next step has been to see whether or not it could be possible to facilitate the process by identifying the items within the ACP’s list of HS4 heads that are of particular concern to them at the present time. Such ‘concern’ has been defined in the following way. High-priority products have been selected as those that:

- ◆ the ACP currently export in other than trivial values (defined as group exports of €100,000 or more);
- ◆ face a significant MFN tariff such that ‘the fullest liberalization’ would result in a meaningful change in market access.

² JOB(06)/204 of 21 June 2006.

³ derived from that included in JOB(06)/129.

12. This filtering process has been undertaken only on ACP exports to the EU. It could be extended to other developed country markets if the approach is considered an appropriate one by the ACP group. However, it is unlikely that the analysis of exports to non-EU industrialised country markets would reveal products not identified from the analysis of trade with the EU. This is because all the most important very sensitive products are exported to the EU as well as, in some cases, to other markets.

13. There are 78 8-digit items falling within the HS4 heads that are common to the two lists in which EU imports from the ACP group exceed €100,000 and for which there is an MFN tariff of 10 percent or more.⁴ These are concentrated in 13 of the 25 overlapping HS4-digit headings. Hence, were the ACP to agree to narrow their list just to 4-digit headings within which they have exports on items facing significant MFN tariffs, the overlap would be reduced from 29 per cent to 15 per cent. The additional product groups that would become unproblematic in this way are colour coded blue in the Appendix.

14. Could this overlap be reduced any further without either party having to make important concessions? Of the 78 8-digit items common to both lists no fewer than 64 are covered by the Generalised System of Preferences (GSP). None of these faces zero percent tariff access under the EU's Standard GSP and, hence, a cut in MFN tariff levels would have a measurable effect on the market access of those non-ACP states that receive only the Standard GSP (plus any that are ineligible for the GSP). However, any state that qualifies for GSP+ (which currently includes all the signatories of the 28 April 2006 communication) will obtain duty-free access for as long as they retain this status. The products concerned are listed in Table 1.

Table 1. High-priority ACP exports which are covered by the EU's Standard GSP

CN2005	Description
06031010	fresh cut roses and buds, of a kind suitable for bouquets or for ornamental purposes
06031020	fresh cut carnations and buds, of a kind suitable for bouquets or for ornamental purposes
06031050	fresh cut chrysanthemums and buds, of a kind suitable for bouquets or for ornamental purposes
06031080	fresh cut flowers and buds, of a kind suitable for bouquets or for ornamental purposes (excl. roses, carnations,
06039000	dried, dyed, bleached, impregnated or otherwise prepared cut flowers and buds, for bouquets or for ornamental
07092000	fresh or chilled asparagus
07093000	fresh or chilled aubergines "eggplants"
07097000	fresh or chilled spinach, new zealand spinach and orache spinach
07099010	fresh or chilled salad vegetables (excl. lettuce and chicory)
07099070	fresh or chilled courgettes
07099090	fresh or chilled vegetables (excl. potatoes, tomatoes, vegetables of the allium spp., cabbages of the genus
07142090	sweet potatoes, fresh, chilled, frozen or dried, whether or not sliced or in the form of pellets (excl. fresh whole
08030011	plantains, fresh
08030090	dried bananas, incl. plantains
15119019	solid palm oil fractions, whether or not refined, but not chemically modified, in packings of > 1 kg or put up
20055900	unshelled beans "vigna spp., phaseolus spp.", prepared or preserved otherwise than by vinegar or acetic acid
20059070	mixtures of vegetables, prepared or preserved otherwise than by vinegar or acetic acid, not frozen
20059080	vegetables, prepared or preserved otherwise than by vinegar or acetic acid, not frozen (excl. preserved by
20081999	nuts and other seeds, incl. mixtures, prepared or preserved, in immediate packings of a content of ≤ 1 kg (excl.
20082051	pineapples, prepared or preserved, containing added sugar but no added spirit, with sugar content of > 17%, in
20082059	pineapples, prepared or preserved, containing added sugar but no added spirit, with a sugar content of > 13%
20082071	pineapples, prepared or preserved, containing added sugar but no added spirit, with sugar content of > 19%, in
20082079	pineapples, prepared or preserved, containing added sugar but no added spirit, with sugar content of > 13% but
20082090	pineapples, prepared or preserved, not containing added spirit or added sugar
20083051	grapefruit segments, prepared or preserved, containing added sugar but no added spirit, in immediate packings
20083071	grapefruit segments, prepared or preserved, containing added sugar but no added spirit, in immediate packings
20083090	citrus fruit, prepared or preserved, not containing added spirit or added sugar

⁴ Or any compound or specific duty – *ad valorem* equivalents for which have not been calculated.

CN2005	Description
20089100	palm hearts, prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit
20089278	mixtures of fruit or other edible parts of plants, prepared or preserved, not containing added spirit but containing
20089298	mixtures of fruit or other edible parts of plants, prepared or preserved, not containing added spirit or added
20089947	mangoes, mangosteens, papaws "papayas", cashew apples, lychees, jackfruit, sapodillo plums, carambola and
20089999	fruit and other edible part of plants, prepared or preserved, not containing added spirit or added sugar (excl.
20091199	frozen orange juice, unfermented, brix value <= 67 at 20 c, whether or not containing added sugar or other
20091998	orange juice, unfermented, brix value > 20 but <= 67 at 20 c, whether or not containing added sugar or other
20092100	grapefruit juice, unfermented, brix value <= 20 at 20 c, whether or not containing added sugar or other
20092919	grapefruit juice, unfermented, brix value > 67 at 20 c, value of > 30 ç per 100 kg, whether or not containing
20092999	grapefruit juice, unfermented, brix value > 20 but <= 67 at 20 c, whether or not containing added sugar or other
20093939	single citrus fruit juice, unfermented, brix value > 20 but <= 67 at 20 c, with a value of > 30 ç per 100 kg (excl.
20094110	pineapple juice, unfermented, brix value <= 20 at 20 c, value of > 30 ç per 100 kg, containing added sugar
20094199	pineapple juice, unfermented, brix value <= 20 at 20 c (excl. containing added sugar or containing spirit)
20094930	pineapple juice, unfermented, brix value > 20 but <= 67 at 20 c, value of > 30 ç per 100 kg, containing added
20094999	pineapple juice, unfermented, brix value > 20 but <= 67 at 20 c (excl. containing added sugar or containing
20097930	apple juice, unfermented, brix value > 20 but <= 67 at 20 c, value of > 18 ç per 100 kg, containing added sugar
20098097	juice of guavas, mangoes, mangosteens, papaws "papayas", tamarinds, cashew apples, lychees, jackfruit,
20098099	juice of fruit or vegetables, density of =< 1.33 g/ccm at 20.c (excl. fermented or containing alcohol or added
24011010	flue-cured virginia type tobacco, unstemmed or unstripped
24011020	light air-cured burley type tobacco, incl. burley hybrids, unstemmed or unstripped
24011041	fire-cured kentucky type tobacco, unstemmed or unstripped
24011049	fire-cured tobacco, unstemmed or unstripped (excl. kentucky type)
24011050	light air-cured tobacco, unstemmed or unstripped (excl. burley and Maryland types)
24011060	sun-cured oriental type tobacco, unstemmed or unstripped
24011070	dark air-cured tobacco, unstemmed or unstripped
24011080	flue-cured tobacco, unstemmed or unstripped (excl. virginia type)
24011090	tobacco, unstemmed or unstripped (excl. flue-cured, light air-cured, fire-cured, dark air-cured and sun-cured
24012010	partly or wholly stemmed or stripped flue-cured virginia type tobacco, otherwise unmanufactured
24012020	partly or wholly stemmed or stripped light air-cured burley type tobacco, incl. burley hybrids, otherwise
24012041	partly or wholly stemmed or stripped fire-cured kentucky type tobacco, otherwise unmanufactured
24012049	partly or wholly stemmed or stripped fire-cured tobacco, otherwise unmanufactured (excl. kentucky type)
24012050	partly or wholly stemmed or stripped light air-cured tobacco, otherwise unmanufactured (excl. burley or maryland
24012070	partly or wholly stemmed or stripped dark air-cured tobacco, otherwise unmanufactured
24012080	partly or wholly stemmed or stripped flue-cured tobacco, otherwise unmanufactured (excl. virginia type)
24012090	partly or wholly stemmed or stripped tobacco, otherwise unmanufactured (excl. flue-cured, light air-cured, fire-
24013000	tobacco refuse
24021000	cigars, cheroots and cigarillos containing tobacco

15. It may be sensible to investigate this list further to determine whether there are amongst them higher and lower priorities for 'the fullest liberalization' and more or less sensitive items. Given the need for speed, however, that has not been done in the present paper, which has concentrated on the remaining more problematic products to determine whether there exists a basis for compromise between the two groups.

16. Simply removing these items from either the LA list (on the grounds that the signatories already have duty-free access) or the ACP list (on the grounds that the GSP+ has already eroded their preferences) would reduce the number of overlapping 4-digit headings to six – or 7 percent of those on the initial LA list. The additional products that would be removed from contention in this way are colour coded mauve in the Appendix.⁵

⁵ All except HS 2008 are entirely covered by the GSP.

5. The core products

17. The remaining HS4 headings are uncoloured in the Appendix. The problematic 8-digit items within them are listed in Table 2, which shows: the product (code and description), the value of ACP exports to the EU in 2005, and the MFN tariff. These are 'the usual suspects'. For either side to compromise on these items would involve significant concessions.

Table 2. High-priority ACP exports which are not covered by the EU's Standard GSP

CN2005	Description	Import value 2005 (Euros)	EU applied MFN tariff 2005
07099060	fresh or chilled sweetcorn	4,067,992	9.4 EUR/100 kg/net ^a
07141091	fresh and whole or without skin and frozen manioc, whether or not sliced, for human consumption, in packings <= 28 kg	1,848,172	9.5 EUR/100 kg/net
07141099	fresh or dried whole or sliced manioc or in the form of pellets (excl. 0714.10.10 and 0714.10.91)	128,261	9.5 EUR/100 kg/net ^b
07149011	fresh and whole or without skin and frozen arrowroot, salep and similar roots and tubers (excl. manioc, jerusalem artichokes and sweet potatoes) with high starch content, whether or not sliced, for human consumption, in packings <= 28 kg	9,141,178	9.5 EUR/100 kg/net
07149019	roots and tubers of arrowroot, salep and similar roots and tubers with high starch content, fresh, chilled, frozen or dried, whether or not sliced or in the form of pellets (excl. used for human consumption in immediate packings of a net content of <= 28 kg, either fresh and whole or without skin and frozen, roots and tubers of manioc, sweet potatoes and jerusalem artichokes)	113,671	9.5 EUR/100 kg/net
08030019	bananas, fresh (excl. plantains)	502,750,982	176 EUR/1000 kg/net
17011110	raw cane sugar, for refining (excl. added flavouring or colouring)	775,379,475	33.9 EUR/100 kg/net
17011190	raw cane sugar (excl. for refining and added flavouring or colouring)	60,992,704	41.9 EUR/100 kg/net
17019910	white sugar, containing in dry state >= 99,5% sucrose (excl. flavoured or coloured)	21,049,656	41.9 EUR/100 kg/net
17031000	cane molasses resulting from the extraction or refining of sugar	32,500,285	0.35 EUR/100 kg/net
22084011	rum with a content of volatile substances (other than ethyl and methyl alcohol) of >= 225 g/hl of pure alcohol "with a 10% tolerance", in containers holding <= 2 l	3,837,166	0.6 EUR/%vol/hl/alcool + 3.2 EUR/hl
22084039	rum and tafia, of a value <= 7,9 ç/l of pure alcohol, in containers holding <= 2 l (excl. rum with a content of volatile substances [other than ethyl and methyl alcohol] of >= 225 g/hl of pure alcohol "with a 10% tolerance")	13,587,578	0.6 EUR/%vol/hl/alcool + 3.2 EUR/hl
22084051	rum with a content of volatile substances (other than ethyl and methyl alcohol) of >= 225 g/hl of pure alcohol "with a 10% tolerance", in containers holding > 2 l	3,815,473	0.6 EUR/%vol/hl/alcool
22084099	rum and tafia, of a value <= 2 ç/l of pure alcohol, in containers holding > 2 l (excl. rum with a content of volatile substances [other than ethyl and methyl alcohol] of >= 225 g/hl of pure alcohol "with a 10% tolerance")	21,287,142	0.6 EUR/%vol/hl/alcool
Notes:			
(a) The ACP preferential tariff for this item is 9.2€/100kg/net.			
(b) The ACP preferential tariff for this item is 8.8€/100kg/net.			
Sources: Eurostat COMEXT database; UNCTAD TRAINS database.			

18. Tables 3 and 4 extend the analysis to Australia, Canada and USA to show the tariffs and principal *recorded* non-tariff barriers that apply to these items. Are these markets also protectionist for the products concerned (in which case a Doha deal on tropical products would be of even greater value to the Latin American group) and do they offer preferences to some or all ACP states (if so, then the danger of preference erosion is even greater, but if not there exists the possibility that some of the losses in the EU market would be offset by increased exports to other developed country markets following liberalisation)?

19. There are special circumstances in relation to most of these products.

- ◆ Four of the items in Table 3 are rum, and their effective treatment in the USA and EU will be determined mainly by the implementation of the 'zero-for-zero' deal of 1997. This has left a residual tariff on non-ACP and non DOM rums below a

Table 3. Core products: tariffs in Australia, Canada, EU and USA

EU CN2005	Description	EU imports 2005 (Euros)	Applied tariffs 2005								
			EU		Australia ^a		Canada ^a		USA ^a		
			MFN	GSP	MFN	GSP	MFN	GSP	MFN	GSP	
07099060	fresh or chilled sweetcorn	4,067,992	9.4 EUR/100 kg/net	No	0			0 to 2.81 c/kg but not less than 12.5%+4%	0-10	21.3	No
07141091	fresh and whole or without skin and frozen manioc, whether or not sliced, for human consumption, in packings <= 28 kg	1,848,172	9.5 EUR/100 kg/net	No	0-5	0		0		7.9 or 11.3	0
07141099	fresh or dried whole or sliced manioc or in the form of pellets (excl. 0714.10.10 and 0714.10.91)	128,261	9.5 EUR/100 kg/net	No	0-5	0		0		7.9 or 11.3	0
07149011	fresh and whole or without skin and frozen arrowroot, salep and similar roots and tubers (excl. manioc, jerusalem artichokes and sweet potatoes) with high starch content, whether or not sliced, for human consumption, in packings <= 28 kg	9,141,178	9.5 EUR/100 kg/net	No	0-5	0		0 or 9.5	No	0-16	0 or No (so 16)
07149019	roots and tubers of arrowroot, salep and similar roots and tubers with high starch content, fresh, chilled, frozen or dried, whether or not sliced or in the form of pellets (excl. used for human consumption in immediate packings of a net content of <= 28 kg,, either fresh and whole or without skin and frozen, roots and tubers of manioc, sweet potatoes and jerusalem artichokes)	113,671	9.5 EUR/100 kg/net	No	0-5	0		0 or 9.5	No	0-16	0 or No (so 16)
08030019	bananas, fresh (excl. plantains)	502,750,982	680 EUR/1000 kg/net	No	0			0		0	
17011110	raw cane sugar, for refining (excl. added flavouring or colouring)	775,379,475	33.9 EUR/100 kg/net	No	0			0-\$25.57/tonne	0	33.87 cents/kg or 1.4606 cents/kg less 0.020668 cents/kg for each degree under 100 degrees but not less than 0.943854 cents/kg	0% or 33.87 cents/kg
17011190	raw cane sugar (excl. for refining and added flavouring or colouring)	60,992,704	41.9 EUR/100 kg/net	No	0			0-\$25.57/tonne	0	33.87 cents/kg or 1.4606 cents/kg less 0.020668 cents/kg for each degree under 100 degrees but not less than 0.943854 cents/kg	0% or 33.87 cents/kg
17019910	white sugar, containing in dry state >= 99.5% sucrose (excl. flavoured or coloured)	21,049,656	41.9 EUR/100 kg/net	No	0			\$30.86/tonne	No	35.74 cents/kg or 3.6606 cents/kg less 0.020668 cents/kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 3.143854 cents/kg	0% or 35.74 cents/kg
17031000	cane molasses resulting from the extraction or refining of sugar	32,500,285	0.35 EUR/100 kg/net	No	0			0 or 12.5	0 or 5	0.35 cents/liter or 0.01 cents/kg of total sugars	0

EU CN2005	Description	EU imports 2005 (Euros)	Applied tariffs 2005							
			EU		Australia ^a		Canada ^a		USA ^a	
			MFN	GSP	MFN	GSP	MFN	GSP	MFN	GSP
22084011	rum with a content of volatile substances (other than ethyl and methyl alcohol) of >= 225 g/hl of pure alcohol "with a 10% tolerance", in containers holding <= 2 l	3,837,166	0.6 EUR/% vol/hl/alcool + 3.2 EUR/hl	No	5	No	12.28 or 24.56 ¢/litre of absolute ethyl alcohol	0	0% or 23.7 cents/pf.liter	No
22084039	rum and tafia, of a value <= 7,9 ¢/l of pure alcohol, in containers holding <= 2 l (excl. rum with a content of volatile substances [other than ethyl and methyl alcohol] of >= 225 g/hl of pure alcohol "with a 10% tolerance")	13,587,578	0.6 EUR/% vol/hl/alcool + 3.2 EUR/hl	No	5	No	12.28 or 24.56 ¢/litre of absolute ethyl alcohol	0	0% or 23.7 cents/pf.liter	No
22084051	rum with a content of volatile substances (other than ethyl and methyl alcohol) of >= 225 g/hl of pure alcohol "with a 10% tolerance", in containers holding > 2 l	3,815,473	0.6 EUR/% vol/hl/alcool	No	5	No	12.28 or 24.56 ¢/litre of absolute ethyl alcohol	0	0% or 23.7 cents/pf.liter	No
22084099	rum and tafia, of a value <= 2 ¢/l of pure alcohol, in containers holding > 2 l (excl. rum with a content of volatile substances [other than ethyl and methyl alcohol] of >= 225 g/hl of pure alcohol "with a 10% tolerance")	21,287,142	0.6 EUR/% vol/hl/alcool	No	5	No	12.28 or 24.56 ¢/litre of absolute ethyl alcohol	0	0% or 23.7 cents/pf.liter	No

Note:

(a) Where it has been possible to ascertain the exact equivalent of the product to which the EU code refers this has been done. Otherwise the range of tariffs applicable to items within the HS6 sub-heading is shown.

Sources: Eurostat COMEXT database; UNCTAD TRAINS database.

Table 4. Core products: non-tariff barriers in Australia, Canada, EU and USA^a

EU CN2005	Description	Non-tariff measures			
		EU (1999)	Australia (1999)	Canada (2000)	USA (1999)
07099060	fresh or chilled sweetcorn	Prior surveillance ^b	Product characteristics requirements to protect plant health. Quarantine to protect plant health.	Authorisation for plant health protection	Authorisation to protect plant health
07141091	fresh and whole or without skin and frozen manioc, whether or not sliced, for human consumption, in packings <= 28 kg	Prior surveillance ^b	Product characteristics requirements to protect plant health. Quarantine to protect plant health.	Authorisation for plant health protection	Authorisation to protect plant health
07141099	fresh or dried whole or sliced manioc or in the form of pellets (excl. 0714.10.10 and 0714.10.91)	Prior surveillance ^b	Product characteristics requirements to protect plant health. Quarantine to protect plant health.	Authorisation for plant health protection	Authorisation to protect plant health
07149011	fresh and whole or without skin and frozen arrowroot, salep and similar roots and tubers (excl. manioc, jerusalem artichokes and sweet potatoes) with high starch content, whether or not sliced, for human consumption, in packings <= 28 kg	Prior surveillance ^b	Product characteristics requirements to protect plant health. Quarantine to protect plant health.	Authorisation for plant health protection	Authorisation to protect plant health
07149019	roots and tubers of arrowroot, salep and similar roots and tubers with high starch content, fresh, chilled, frozen or dried, whether or not sliced or in the form of pellets (excl. used for human consumption in immediate packings of a net content of <= 28 kg., either fresh and whole or without skin and frozen, roots and tubers of manioc, sweet potatoes and jerusalem artichokes)	Prior surveillance ^b	Product characteristics requirements to protect plant health. Quarantine to protect plant health.	Authorisation for plant health protection	Authorisation to protect plant health
08030019	bananas, fresh (excl. plantains)	Prior surveillance, ^b Technical requirements. Testing, inspection and quarantine requirements.	Product characteristics requirements to protect plant health. Quarantine to protect plant health. Labelling requirements to protect human health.	Authorisation for plant health protection	Authorisation to protect plant health
17011110	raw cane sugar, for refining (excl. added flavouring or colouring)	Prior surveillance ^b	Quarantine to protect human health		TQ (HSUS 17011110)
17011190	raw cane sugar (excl. for refining and added flavouring or colouring)	Prior surveillance ^b	Quarantine to protect human health		TQ (HSUS 17011110)
17019910	white sugar, containing in dry state >= 99,5% sucrose (excl. flavoured or coloured)	Prior surveillance ^b	Quarantine to protect human health		TQ (HSUS 17019910)
17031000	cane molasses resulting from the extraction or refining of sugar	Prior surveillance ^b	Quarantine to protect human health		Labelling requirements. Marking requirements. Licence for selected purchasers

EU CN2005	Description	Non-tariff measures			
		EU (1999)	Australia (1999)	Canada (2000)	USA (1999)
22084011	rum with a content of volatile substances (other than ethyl and methyl alcohol) of \geq 225 g/hl of pure alcohol "with a 10% tolerance", in containers holding \leq 2 l		Quarantine to protect human health. Labelling requirements to protect human health.		Labelling requirements. Marking requirements. Licence for selected purchasers
22084039	rum and tafia, of a value \leq 7,9 ç/l of pure alcohol, in containers holding \leq 2 l (excl. rum with a content of volatile substances [other than ethyl and methyl alcohol] of \geq 225 g/hl of pure alcohol "with a 10% tolerance")		Quarantine to protect human health. Labelling requirements to protect human health.		Labelling requirements. Marking requirements. Licence for selected purchasers
22084051	rum with a content of volatile substances (other than ethyl and methyl alcohol) of \geq 225 g/hl of pure alcohol "with a 10% tolerance", in containers holding $>$ 2 l		Quarantine to protect human health. Labelling requirements to protect human health.		Labelling requirements. Marking requirements. Licence for selected purchasers
22084099	rum and tafia, of a value \leq 2 ç/l of pure alcohol, in containers holding $>$ 2 l (excl. rum with a content of volatile substances [other than ethyl and methyl alcohol] of \geq 225 g/hl of pure alcohol "with a 10% tolerance")		Quarantine to protect human health. Labelling requirements to protect human health.		Labelling requirements. Marking requirements. Licence for selected purchasers
<p><i>Note:</i></p> <p>(a) As reported in UNCTAD's TRAINS database for the year indicated for each market – the latest available.</p> <p>(b) Entry into free circulation is subject to presentation of an import certificate AGRIM.</p>					

certain price point until this is eventually eroded by inflation. It is the subject of a continuing dialogue between the EC and the ACP rum industry in relation to the possibility of preference erosion in bilateral, regional and multilateral trade negotiations.

- ◆ Three of the other items face very low MFN and/or zero GSP tariffs in the three non-EU markets; hence, the issue between the LA group and the ACP arises largely in relation to the EU market alone (plus any developed countries not covered by the table, such as Japan).
- ◆ For two items (sweet corn and manioc – see notes in Table 2) the ACP currently enjoy only a modest reduction on the EU MFN tariff. At present, therefore, they have very little ‘preference’ to be ‘eroded’. But if, as is expected, the Economic Partnership Agreements (EPAs) being negotiated with the EU offer full duty-free access to ACP exports from 2008 there would be a more substantial preference. The ACP position, therefore, should be contingent upon its expectations about EPAs.

20. Sugar and bananas stand out clearly as major items on which there is a fundamental difference between the LA and ACP groups. In the case of bananas the issue covers only the EU (of the countries covered in Table 3) and so the ‘satisfactory’ implementation by the EU of the WTO Appellate Body’s ruling will provide the principal forum within which either a compromise is reached or the interests of one group are dominant. The reason for putting the word satisfactory in inverted commas is to underline the different view of the two developing country groups.

21. In the case of sugar, strong MFN liberalisation would remove the preferences of some ACP states in the US as well as the EU market and provide little offsetting demand in Australia or Canada, where MFN or GSP duties are already low. It is hard to think that a compromise could be reached between the two groups within the tropical products discussions of the DDR.

22. The draft modalities text (JOB(06)/199) provides plenty of scope to allow an accommodation on these items should the parties be minded to do so. Paras 33c and 36, in particular, allow for a differentiated response. Moreover, the Latin American countries might think of using the provisions at para. 34 both to give greater security and certainty to the EU’s GSP+ scheme and to obtain equivalent access to other developed country markets. But it is not the primary purpose of this paper to enter into the realm of negotiating options, merely to provide data and analysis that may facilitate any negotiations that do take place.

Appendix

Tropical Products

Draft Modalities

Draft [Indicative List of]

Tropical Agricultural Products and Products of Particular Importance to the Diversification of Production from the Growing of Illicit Narcotic Crops⁶

Key:

	HS4 heads not included in the ACP list
	HS4 heads in which ACP have no high-value, high-tariff exports to EU
	HS4 heads in which ACP have high-value, high-tariff exports, but which are entirely covered by the GSP (except for HS 2008)
	Core HS4 heads

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 tubers with high starch or inulin content, fresh, chilled, frozen or dried, whether or not sliced or in the form of pellets; sago pith.
0801	Coconuts, Brazil nuts and cashew nuts, fresh or dried, whether or not shelled or peeled.
0802	Other nuts, fresh or dried, whether or not shelled or peeled.
0803	Bananas, including plantains, fresh or dried.
0804	Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried.
0805	Citrus fruit, fresh or dried.
0807	Melons (including watermelons) and papaws (papayas), fresh.
0810	Other fruit, fresh.
0811	Fruit and nuts, uncooked or cooked by steaming or boiling in water, frozen, whether or not containing added sugar or other sweetening matter.
0812	Fruit and nuts, 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.
0813	Fruit, dried, other than that of headings Nos. 08.01 to 08.06; mixtures of nuts or dried fruits of this Chapter.
0814	Peel of citrus fruit or melons (including watermelons), fresh, frozen, dried or provisionally preserved in brine, in sulphur water or in other preservative solutions.

⁶ This list is derived from that included in JOB(06)/129 by Bolivia, Colombia, Costa Rica, Ecuador, Guatemala, Nicaragua, Panama and Peru. The items in bold are also found in the Indicative List of Tropical Products used in the Uruguay Round.

HS4	HS4 DESCRIPTION
0901	Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes containing coffee in any proportion.
0902	Tea, whether or not flavoured.
0904	Pepper of the genus Piper; dried or crushed or ground fruits of the genus Capsicum or of the genus Pimenta.
0905	Vanilla.
0906	Cinnamon and cinnamon-tree flowers.
0907	Cloves (whole fruit, cloves and stems).
0908	Nutmeg, mace and cardamoms.
0909	Seeds of anise, badian, fennel, coriander, cumin or caraway; juniper berries.
0910	Ginger, saffron, turmeric (curcuma), thyme, bay leaves, curry and other spices.
1106	Flour, meal and powder of the dried leguminous vegetables of heading No. 07.13, of sago or of roots or tubers of heading No. 07.14 or of the products of Chapter 8.
1108	Starches; inulin.
1202	Ground-nuts, not roasted or otherwise cooked, whether or not shelled or broken.
1203	Copra.
1207	Other oil seeds and oleaginous fruits, whether or not broken.
1208	Flours and meals of oil seeds or oleaginous fruits, other than those of mustard.
1211	Plants and parts of plants (including seeds and fruits), of a kind used primarily in 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 Cichorium intybus sativum) 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).
1402	Vegetable materials of a kind used primarily as stuffing or as padding (for example, kapok, vegetable hair and eel-grass), whether or not put up as a layer with or without supporting material.
1403	Vegetable materials of a kind used primarily in brooms or in brushes (for example, broomcorn, piassava, couch-grass and istle), whether or not in hanks or bundles.
1404	Vegetable products not elsewhere specified or included.
1502	Fats of bovine animals, sheep or goats, other than those of heading No. 15.03.
1504	Fats and oils and their fractions, of fish or marine mammals, whether or not refined, but not chemically modified.
1505	Wool grease and fatty substances derived therefrom (including lanolin).
1507	Soya-bean oil and its fractions, whether or not refined, but not chemically modified.
1508	Ground-nut oil and its fractions, whether or not refined, but not chemically modified.
1511	Palm oil and its fractions, whether or not refined, but not chemically modified.
1512	Sunflower-seed, safflower or cotton-seed oil and fractions thereof, whether or not refined, but not chemically modified.
1513	Coconut (copra), palm kernel or babassu oil and fractions thereof, whether or not refined, but not chemically modified.
1515	Other fixed vegetable fats and oils (including jojoba oil) and their fractions, whether or not refined, but not chemically modified.
1516	Animal or vegetable fats and oils and their fractions, partly or wholly hydrogenated, interesterified, re-esterified or elaidinised, whether or not refined, but not further prepared.
1517	Margarine; edible mixtures or preparations of animal or vegetable fats or oils or of fractions of different fats or oils of this Chapter, other than edible fats or oils or their fractions of heading No. 15.16.

HS4	HS4 DESCRIPTION
1518	Animal or vegetable fats and oils and their fractions, boiled, oxidised, dehydrated, sulphurised, blown, polymerised by heat in vacuum or in inert gas or otherwise chemically modified, excluding those of heading No. 15.16; inedible mixtures or preparations of animal or vegetable fats or oils or of fractions of different fats or oils of this Chapter, not elsewhere specified or included.
1520	Glycerol, crude; glycerol waters and glycerol lyes.
1521	Vegetable waxes (other than triglycerides), beeswax, other insect waxes and spermaceti, whether or not refined or coloured.
1522	Degras; residues resulting from the treatment of fatty substances or animal or vegetable waxes.
1701	Cane or beet sugar and chemically pure sucrose, in solid form.
1703	Molasses resulting from the extraction or refining of sugar.
1801	Cocoa beans, whole or broken, raw or roasted.
1802	Cocoa shells, husks, skins and other cocoa waste.
1803	Cocoa paste, whether or not defatted.
1804	Cocoa butter, fat and oil.
1805	Cocoa powder, not containing added sugar or other sweetening matter.
1806	Chocolate and other food preparations containing cocoa.
1903	Tapioca and substitutes therefore prepared from starch, in the form of flakes, grains, pearls, siftings or in similar forms.
2001	Vegetables, fruit, nuts and other edible parts of plants, prepared or preserved by vinegar or acetic acid.
2004	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen, other than products of heading No. 20.06.
2005	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of heading No. 20.06.
2006	Vegetables, fruit, nuts, fruit-peel and other parts of plants, preserved by sugar (drained, glacés or crystallised).
2007	Jams, fruit jellies, marmalades, fruit or nut purée and fruit or nut pastes, being cooked preparations, whether or not containing added sugar or other sweetening matter.
2008	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included.
2009	Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter.
2101	Extracts, essences and concentrates, of coffee, tea or maté and preparations with a basis of these products or with a basis of coffee, tea or maté; roasted chicory and other roasted coffee substitutes, and extracts, essences and concentrates thereof.
2103	Sauces and preparations therefore; mixed condiments and mixed seasonings; mustard flour and meal and prepared mustard.
2208	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 % vol.; spirits, liqueurs and other spirituous beverages.
2305	Oil-cake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of ground-nut oil.
2306	Oil-cake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of vegetable fats or oils, other than those of heading No. 23.04 or 23.05.
2401	Unmanufactured tobacco; tobacco refuse.
2402	Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes.
2403	Other manufactured tobacco and manufactured tobacco substitutes; "homogenised" or "reconstituted" tobacco; tobacco extracts and essences.
3203	Colouring matter of vegetable or animal origin (including dyeing extracts but excluding animal black), whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on colouring matter of vegetable or animal origin.
3301	Essential oils (terpeneless or not), including concretes and absolutes; resinoids; extracted oleoresins; concentrates of essential oils in fats, in fixed oils, in waxes or the like, obtained by enfleurage or maceration; terpenic by-products of the deterpenation of essential oils; aqueous distillates and aqueous solutions of essential oils.

HS4	HS4 DESCRIPTION
5001	Silk-worm cocoons suitable for reeling
5202	Cotton, not carded or combed