1. The Negotiating Group on Tropical Products held its fourteenth meeting on 12-14 June 1989 under the Chairmanship of Mr. P. Leong Khee Seong (Malaysia). The main purpose of the meeting was to initiate a multilateral review of the tariff and non-tariff situation in the light of the results achieved at Montreal with a view to identifying remaining barriers and taking stock of the present situation in pursuance of the negotiating objective of the fullest liberalization of trade in tropical products.

2. For this meeting the Group had before it the Synoptic Tables of Specific Negotiating Results for the Uruguay Round Mid-Term Review (document MTN.GNG/NG6/W/27). The Chairman noted that these Synoptic Tables were intended as a working document only and in no way replaced or superseded documents MTN.GNG/17 and Add.1, which contain the official result of negotiations. Four corrigenda to document MTN.GNG/17 containing technical corrections and specifications had also been circulated. While the Synoptic Tables include at the request of some participants, the indication of fully bound duty-free items having existed since before the Uruguay Round, these tables did not provide a full record of trade liberalization measures previously adopted in individual markets and did not contain an indication of tariff and non-tariff measures which are not currently being reduced or eliminated. The secretariat had also prepared revised guides for multilateral consultations on four of the seven product groups: Tropical Beverage Items (MTN.GNG/NG6/W/28), Spices, Flowers, Plaiting Products (MTN.GNG/NG6/W/29), Certain Oilseeds and Vegetable Oils (MTN.GNG/NG6/W/30) and Tropical Roots, Rice and Tobacco (MTN.GNG/NG6/W/31). The guides on the remaining three product groups would be circulated by the next meeting of the Negotiating Group on 24-26 July 1989. The contribution of Indonesia on tropical products announced at the last meeting of the Group had been circulated in document MTN.GNG/NG6/LT/49.

3. The Chairman further noted that in pursuance of the agreement reached by the Group of Negotiations on Goods on 25 April 1989, the Chairman of the GNG requested that the proposals contained in the communication presented by Bangladesh on behalf of least-developed countries (MTN.GNG/W/14/Rev.1) together with the statements made in the GNG and the related communication from the Chairman of the Sub-Committee on Trade of Least-Developed Countries (MTN.GNG/W/15) be brought to the attention of all Negotiating Groups in the light of their particular responsibilities. The secretariat had also prepared a paper on products of export interest to least-developed countries (MTN.GNG/NG6/W/35).
4. Several participants made additional comments with regard to implementation dates of contributions to the Montreal package. These are reflected in paragraphs 5 to 11 below.

5. The representative of Canada informed the Group of the intention of her Government to implement the Canadian Tropical Products offer, resulting from the negotiations for the Uruguay Round Mid-Term Review, on 1 July 1989. The representative also said that on the seven tariff items for which in the initial offer it had been indicated that Canada would consider providing duty free entry for specific tropical products of export interest to developing countries, products had been identified in all but one of these cases and would be included in the implementation of the offer on 1 July 1989 (document MTN.GNG/17/Corr.4). On the remaining item (HS 0602.99.99 - Certain live plants, for other than propagation purposes) specific products of interest to developing countries had not been identified to date. However it remained on offer and Canada was still prepared to consider specific requests on this item.

6. The representative of Czechoslovakia recalled the contribution made by his country in document MTN.GNG/NG6/LT/47 which contained two lists of tropical products already included in the GSP scheme for which the offer envisaged the reduction of tariffs to zero and a reduction to 50 per cent of the present rate respectively. Tropical products already enjoying duty-free treatment under the GSP scheme were not included in these lists. The contribution would enter into force in the near future after completion of domestic procedures which were underway.

7. The representative of South Africa informed the Group that his country's offer (MTN.GNG/NG6/LT/45 and Add.1) would be implemented during the first week of August 1989 with no staging at all.

8. The representative of the Republic of Korea recalled the main elements of the autonomous contribution being prepared by his country as announced at the meeting of the Group on 21 April 1989. With regard to the elimination of import licences affecting fifteen tropical products he further specified that these measures would be implemented on 1 July 1989. Domestic procedures for the approval of the contribution were currently being implemented. It was hoped that the contribution would be made available to participants at the next meeting of the Group.

9. The representative of the United States informed the Group that progress had been made in fulfilling the domestic procedural requirements for the implementation of its offer by Presidential Proclamation. He hoped that the offer would be implemented before the summer recess as previously announced.

10. The representative of Austria recalled that the offer made by her country in Autumn 1988 contained m.f.n. tariff reductions and GSP improvements. The implementation of both categories of measures required parliamentary approval. The representative informed the Group that in the parliamentary debate on GSP improvements the proposal to reduce the preferential rate on tropical wood (items 4408.20 and 4412.11) was not
approved. This reflected the concern of the Austrian Parliament over the negative consequences of tropical deforestation, a concern which was widely shared at international level. The law on GSP improvements had to be amended accordingly and it was hoped that in spite of this procedural delay the preferential improvements would be implemented on 1 July 1989 as envisaged. As to the m.f.n. tariff reductions these had already been approved by the Parliament and published in the Austrian Official Journal. The m.f.n. reductions would enter into effect on 1 July 1989. The representative also indicated that the trade coverage of the Austrian offer based on 1988 import statistics was of Austrian Schillings 2,890 million of which Austrian Schillings 2,647 million for m.f.n. reductions and Austrian Schillings 243 million for GSP improvements.

11. The representative of Hungary said that her country's contribution would be implemented shortly, not later than 1 July 1989.

12. The Group welcomed the announcements made by participants in regard to implementation dates of their contributions.

13. Turning to the communications before the Group concerning the least-developed countries the representative of a least-developed country said that the note prepared by the secretariat on Products of Export Interest to Least-Developed Countries deserved examination with the view to identifying action to be taken in pursuance of paragraph 2 of the Decision on Tropical Products adopted in Montreal in particular with regard to the elimination of duties on unprocessed products. The representative observed that trade barriers affecting products of interest to least-developed countries still remained in certain developed-country markets. He reserved the right to further study the documentation and revert to the communications and proposals made by least-developed countries at a later stage.

14. The representative of the EEC said that the Community sympathised with and was aware of the particular situation and needs of least-developed countries including their trade needs. The Community had tried for many years to implement market-access measures of particular interest to these countries. This was partly reflected in document MTN.GNG/NG6/W/35 which showed that there were hardly any barriers left in the Community affecting exports of least-developed countries. The representative also pointed out that certain corrections were to be made in the document to which he would revert at a later stage.

15. The representative of Morocco said that his country had already been aware of the great difficulties encountered by least-developed countries particularly in the trade area. In order to make a contribution to a hopefully collective effort in favour of these countries Morocco has begun to apply special measures on some tropical products of export interest to them. The representative expressed the intention to provide more details on these measures at the next meeting of the Group.

16. During this meeting of the Group participants held a first round of informal multilateral consultations in order to review the tariff and
non-tariff situation in the tropical products area as agreed by the Group on 21 April 1989. After this first round of informal consultations the Chairman presented to the Negotiating Group, on his own responsibility, the following report:

"As agreed at the meeting of the Negotiating Group on 21 April 1989 participants held on 12 and 13 June 1989 a first round of informal multilateral consultations on tropical products. The multilateral consultations were aimed at reviewing the tariff and non-tariff situation in the light of the results achieved at Montreal with a view to identifying remaining barriers and taking stock of the present situation in pursuance of the negotiating objective of the fullest liberalization of trade in tropical products. These consultations were informal, open to all interested participants and strictly confidential. No formal record of consultations was made. This report on the first round of consultations is made under the Chairman's own responsibility in accordance with the arrangements agreed upon by the Group at its fourteenth meeting.

"During the first round of consultations participants reviewed four product-groups on the basis of guides for consultations prepared by the secretariat: Tropical Beverage Items; Spices, Flowers, Plaiting Products; Certain Oilseeds and Vegetable Oils and Tropical Roots, Rice and Tobacco.

"With regard to documentation it was understood that the secretariat would prepare addenda to the Guides on the seven product groups in order to include additional information on trade policy measures provided by participants under TI series.

"A second round of informal multilateral consultations is scheduled to take place during the next meeting of the Negotiating Group on 24-26 July 1989. Participants are expected to review the remaining three product groups (Tropical Fruits and Nuts, Tropical Wood and Rubber, Jute and Hard Fibres) and might have a further exchange of views on the four product-groups reviewed in the first round of consultations. In accordance with the arrangements made on 21 April 1989 the Group is also expected at the meeting of 24-26 July to elaborate as appropriate procedures for the continuation of work in the second half of this year."

17. A number of participants commented upon the results achieved so far in the negotiations on tropical products, on the first round of informal consultations held during this meeting of the Group and/or the future work of the Group.

18. Some participants recalled the special attention recognized for tropical products in the Punta del Este Declaration both in regard to timing of negotiations and implementation of their results. The achievement of the Montreal package and the implementation of the results therein generally by 1 July 1989 were only a first step in that direction. While the Group made important progress in Montreal the results achieved were not satisfactory in terms of depth of tariff reductions and product coverage. The Decision on Tropical Products adopted by Ministers in Montreal invited this Group to make the necessary arrangements for the
continuation of negotiations with due regard to the specific elements laid down in paragraph 2 of that Decision. These elements provide the main guidance in negotiations and participants should now focus on agreeing on the timing for implementing the trade liberalization measures envisaged therein and on the degree of liberalization with regard to those products and measures where this was yet to be specified. At the next meeting in July the Group should adopt appropriate procedures for the continuation of negotiations on the basis of paragraphs 2 a), b), c) and 3 of the Decision on Tropical Products bearing in mind that in order for the results in this area to be implemented immediately after the end of the Uruguay Round such results should be agreed on in the middle of the next year. This would provide the necessary time to national administrations to fulfil the necessary procedures for implementing results immediately after completion of the Uruguay Round. At the same time it would provide a clear picture of the benefits that might be derived by developing countries in this sector of utmost importance for their exports thus enabling them to make appropriate contributions in the overall negotiations of the Uruguay Round. It was also pointed out that the results obtained in Montreal should not be used as a pretext not to make further progress. In this respect it was noted that in other areas where progress was made at the Mid-Term Review such as TRIPs and Services, negotiations were moving forward and no participant attempted to withhold further progress.

19. The view was also put forward that the approach consisting in fixing dates for the elimination or reduction of trade barriers by some participants while others would make contributions at a later stage in the overall negotiations was not effective in achieving the objective of the fullest liberalization of trade in tropical products to which all participants remained committed. Further progress in negotiations could only be made on the basis of broad participation and contributions by all participants along the lines which led to the Montreal Package. One participant restated willingness to make progress on the basis of his country's initial offer which covered a broader range of measures leaving room for further trade liberalization action. However what was important now was that other participants make concrete contributions in order to enable the Group to move forward. Such contributions should be made in due time and not at the end of the negotiations.

20. Some participants reaffirmed their awareness of the great importance of negotiations on tropical products and underlined that the advancement of the negotiating objectives could only be the result of a collective effort aimed at increasing trade in these products.

21. Referring to the four product groups examined during the first round of consultations some participants observed that a large number of products still faced tariff barriers in the major markets. While on unprocessed products tariffs were relatively low on semiprocessed and processed products they were still high. It was also observed that the problem of tariff escalation had not been adequately addressed in the first round of negotiations. These participants also recalled that a number of products of their export interest have been left out from the offers made and expressed hope that they would be included in future offers. With regard
to further work it was important that the Group focus on developing negotiating modalities to deal with remaining tariff and non-tariff barriers in accordance with the elements specified in the Decision on Tropical Products adopted at the Mid-Term Review.

22. Some participants said that the results of the first round of consultations were not satisfactory and expressed concern that if more beneficial results were not achieved in the Group this would create serious difficulties in the Uruguay Round negotiations as a whole. One participant recalled the importance attached by his country to inclusion in negotiations of additional products. Another participant emphasised that contributions by developing countries should be made in overall negotiations and not on a sectoral basis.

23. Another participant observed that while the remaining barriers were clear in a number of cases there was very little information on a number of other markets. He felt that it would be easier to establish procedures for the continuation of negotiations if the Group had a clear picture of all trade barriers. His country was committed to the objectives set out in the Montreal Decision on Tropical Products and was willing to move forward but this depended on the degree to which all participants would do so as specified in that Decision.

24. Recalling the Declaration made at Montreal by Developing Countries contracting parties to the GATT and signatories of the Lomé Convention some participants emphasized that the elements contained in that Declaration should be taken into account in future negotiations as they were of utmost importance to the continued participation of these countries in negotiations in this area.

25. With regard to the inclusion in future documentation of additional information on trade policy measures provided by participants under the TI/- document series one participant said that in the understanding of her delegation this should be without prejudice to the reservations made by delegations at the time when they submitted such information. Another representative remarked that the participant which felt that additional information was needed for the negotiating process had been able in other circumstances to identify trade liberalization priorities without requesting any additional information. In reply, a representative observed that if the Uruguay Round was successful in removing barriers existing among participants in the tropical products area and other areas the frictions among governments that led to consideration of certain particular practices would disappear. He further noted that GATT was a contractual arrangement and it would be only as strong and useful as the governments were willing to make it through collective efforts in the same direction.

26. In concluding the meeting the Chairman made the following remarks:

"The Negotiating Group will meet on 24-26 July in order to carry out the second round of consultations and complete the multilateral review of the tariff and non-tariff situation. At its July meeting the Negotiating
Group is also expected to elaborate, as appropriate, procedures for the continuation of negotiations. I therefore urge participants to reflect on how the Group might best proceed with its work in the second half of this year in pursuance of the objective of the fullest liberalization of trade in tropical products and in accordance with the Decision on Tropical Products adopted by Ministers in Montreal. Given the importance of keeping the negotiating process in motion, I suggest that at the next meeting of the Group in July, participants focus particularly on this matter."