

GENERAL AGREEMENT ON
TARIFFS AND TRADE

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COMMITTEE ON TARIFF CONCESSIONS

Minutes of the Meeting held in the
Centre William Rappard on 5 November 1984

Chairman: Mr. K. Kautzor-Schröder (secretariat)

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In the absence of both the Chairman (Mr. W. Lavorel) and the Vice-Chairman (Mr. D. Bondad), Mr. K. Kautzor-Schröder, Director of the Tariff Division, chaired the meeting.

1. Adoption of the agenda (GATT/AIR/2070)

1.1 The Chairman welcomed the participants to the fourteenth meeting of the Committee and called their attention to document GATT/AIR/2070 containing the agenda and the list of documents for the meeting. The agenda was adopted without modification.

2. Submission of Loose-Leaf Schedules (TAR/W/23/Rev.10)

2.1 The Chairman pointed out that with the recent circulation of the Argentine schedule, there were 34 schedules available in loose-leaf form, of which, however, only six had been approved and were ready for certification. He recalled that 62 contracting parties had schedules of tariff concessions and regretted to note that since the proposal by the Director-General to introduce a loose-leaf system for schedules of concessions was adopted by the CONTRACTING PARTIES on 25 March 1980, only 34 schedules had been circulated. The Chairman urged once more delegations, in particular developing countries whose schedules had been prepared by the secretariat in draft form, to give their approval for the circulation of their schedules to all contracting parties. Moreover, he renewed his plea to delegations to accelerate the verification process of schedules already submitted, reminding the members of the Committee that it was important to have as many certified schedules as possible and to use them as reliable negotiating documents for the forthcoming Article XXVIII negotiations related to the introduction of the Harmonized System.

2.2 The representative of Sweden, speaking on behalf of the Nordic countries, supported the Chairman's appeal to delegations which had not yet submitted their schedules to do so, and requested delegations which had expressed a reservation with regard to the loose-leaf schedules of the Nordic countries to indicate the reasons to these delegations.

2.3 The representative of Australia said that her delegation had intended to finalize the ongoing negotiations before submitting its consolidated schedule in loose-leaf form but that, in view of the Harmonized System exercise, her delegation was considering proceeding with its notification in the near future.

2.4 The representative of Canada recalled that his authorities had encountered great difficulties in filling column 7 but that he hoped to submit a complete loose-leaf schedule in English towards the end of November; the French version would follow six weeks later.

2.5 The representative of Israel requested the two delegations which were still objecting to the certification of the Israeli schedule to look into the matter in order to be able to proceed to its certification.

2.6 The representative of Switzerland said that his authorities were endeavouring to finalize the Swiss loose-leaf schedule as quickly as possible.

3. Sixth Certification of Changes to Schedules

3.1 The Chairman explained that following the publication of the Fifth Certification of Changes to Schedules in August 1981, it had been agreed that there would no longer be certifications made in that form and that, because of the introduction of the loose-leaf system, every schedule, as well as any consecutive changes, would be certified individually. However, it had not been possible to put this new procedure into operation since too few schedules had been approved and were ready for certification. It therefore seemed advisable to envisage the preparation of a Sixth Certification of Changes to Schedules according to the old procedure. This certification would include not only the various notifications of changes already submitted by delegations since 1981, as well as the six loose-leaf schedules which had been approved, but also the additional aircraft concessions to be included in the schedules of the countries signatories of the Aircraft Agreement which, according to the decision taken by the Committee on Trade in Civil Aircraft, were to go into effect on 1 January 1985. Accordingly, the Chairman invited delegations to submit as soon as possible all changes to their schedules which they would want to be certified. Those changes or additions would then be introduced in the loose-leaf schedule of the country concerned, with the reference CCS6/85 as the legal instrument introducing the concession. Since the certification should take place as early as possible in 1985, delegations concerned were asked to start the work expeditiously.

3.2 This proposal was accepted by the members of the Committee.

4. The Harmonized System and GATT concessions
(L/5470/Rev.1, TAR/W/41 and TAR/W/47).

4.1 The Chairman pointed out that this item should in be divided into two parts: one concerning the transposition of schedules into the Harmonized System, and the other dealing with the computer preparation of trade data for Article XXVIII negotiations.

4.2 The Chairman reported that concerning the transposition of schedules, several countries had started to work actively towards the transposition of their national tariffs and their GATT schedules of tariff concessions into the Harmonized System. Ten countries had already exchanged among themselves the agricultural chapters of their schedules (Chapters 1 to 24) transposed into the Harmonized System, in a draft form. Some countries had transposed further chapters and one country had even prepared its whole tariff in the Harmonized System nomenclature. Consultations among these countries would start in December. On a related point, he mentioned that the GATT secretariat was working in close contact with the Customs Co-operation Council in Brussels and, in order to facilitate the work of contracting parties, the CCC had, for instance, concentrated its work on the explanatory notes of Chapters 1 to 24. Some copies of those notes were available in the secretariat.

4.3 The Chairman further stated that concerning the common data base to be established in connection with the Article XXVIII negotiations, the secretariat was now finalizing the preliminary work. Interested delegations had held informal meetings to advise the secretariat and to discuss outstanding technical questions. The views expressed by delegations and the detailed content of the data base were reproduced in the secretariat note TAR/W/47, which brought up to date the information contained in document TAR/W/41. He realized that delegations had not had much time to study the secretariat note which had only recently been distributed. The data base organization, as outlined in the secretariat note, had been designed on a theoretical basis, taking into account the basic information which would be necessary for the negotiations. Adjustments to programme specifications and adjustments to the data base organization might have to be further examined in the light of actual data which would be submitted by delegations. It was therefore to be expected that a certain delay would be necessary between the reception of the data and the loading of the information into the data base.

4.4 The representative of the European Communities referred to the establishment of a data bank and reiterated the interest of his delegation in its operation in spite of the difficulties encountered in providing the necessary data. He was hoping that the secretariat note (TAR/W/47) would encourage delegations to pursue their efforts in order to accelerate as much as possible the setting up of the data base which it was hoped would be operative as from next Spring.

4.5 The representative of Canada recalled the process followed by his authorities for the introduction of the Harmonized System. An important part of the draft transposition of the Canadian tariff had been referred to the Tariff Commission for public consultation and it was expected to be able to submit the draft chapters 68 to 97 early next year. It was hoped that the report by the Tariff Commission to the Government would be available in the

course of 1985 and, following this report, the Government would be in a position to establish the final version of the transposition of the Canadian tariff.

4.6 The representative of the United States confirmed that his delegation would participate in the two-phased approach to organize GATT work resulting from the conversion of schedules into the Harmonized System, the first phase consisting of an intensive examination period aiming at identifying and resolving technical problems and the second phase being reserved for Article XXVIII negotiations. Examination of chapters 1 to 24 would be held in the first two weeks of December; the United States would have a delegation in Geneva during that time; which would be willing to meet with other contracting parties which had submitted their transposed schedules in order to begin the examination phase of the agricultural chapters. His delegation expected to make available the entire Annexes III and IV of document L/5470 by the end of November and hoped that the examination of other chapters could be scheduled for early 1985.

4.7 The representative of Japan presented a proposal concerning the method of establishment of loose-leaf schedules based on the Harmonized System, which his delegation had described in an informal paper distributed at the meeting. He briefly explained that the aim of the paper was to expedite the preparations of the Harmonized System; it intended to reduce paper work which would be necessary if present GATT procedures would continue to be applied. Under the present practice, the rectification procedure would be applied to those items the bound rates of which would not be changed, and Article XXVIII procedures to those items for which the bound rates would be changed. Following the completion of Article XXVIII negotiations, it was necessary to draw up documents containing results of negotiations between contracting parties concerned, according to the Council decision of November 1980.¹ In those documents, every item withdrawn or for which the rates had been increased, reduced or newly bound should be indicated on an item-by-item and country-by-country basis. The same had also to be reflected in the GATT schedule. In view of the considerable number of tariff changes, contracting parties should incorporate the results of the Article XXVIII negotiations directly into the GATT schedules without drawing up separate documents as required by the Council decision. He was convinced that this new approach would reduce significantly the amount of paper work.

4.8 The Chairman said that delegations would no doubt study the Japanese proposal and the Committee would in due course revert to the questions raised in the paper.

4.9 The representative of the European Communities confirmed that his delegation was ready to participate in the pre-consultations planned to take place at the beginning of December. In this connection, his delegation was hoping to communicate Annexes III & IV of the agricultural chapters in mid-November and exchange these documents with the contracting parties concerned. He stressed that those pre-consultations would be considered as very preliminary and would help in resolving some technical problems.

¹ BISD, 27S/26

4.10 The Chairman pointed out that regarding the reproduction and distribution of the documentation needed for Phase I, the situation would need to be reassessed, as far as the secretariat was concerned, in light of the recent decisions of the Budget Committee which had strongly recommended that the amount of paper processed by the GATT should be drastically reduced.

4.11 The representative of Sweden, on behalf of the Nordic countries, reported that Finland and Sweden had already submitted chapters 1 to 24 in Harmonized System and Norway would do so by the end of the week. The remaining material would be completed at the latest early next year. He was also hoping to participate in the preliminary discussions of December.

4.12 The representative of Hungary informed the Committee that her country had submitted the bound items of the agricultural chapters in the Harmonized System together with the concordance tables and import data. She also expressed the readiness of her authorities to participate in the consultations of December.

4.13 The representative of Australia indicated that her delegation had submitted chapters 1 to 6 with concordance tables, and that chapters 7 to 14 would be available very shortly. All those chapters were available to any interested contracting party.

4.14 The representative of New Zealand said that his country had forwarded to the secretariat chapters 1 to 8 with concordance tables and that chapters 9 to 24 would be available shortly for distribution. His authorities were encountering some difficulties in supplying trade figures which would unfortunately not be available until 1985. His delegation maintained a great interest in the informal consultations on Chapters 1 to 24.

4.15 The representative of Canada recalled that his country had submitted draft chapters 1 to 24 some time ago, with trade data, but his authorities were in the process of revising those chapters. However, his delegation would be ready to consult on the basis of those drafts.

4.16 The representative of Japan indicated that his country had submitted all chapters, i.e 1 to 97 in Harmonized System nomenclature with the necessary annexes.

4.17 The representative of the European Communities recalled that it had been agreed to submit not only the transposition of chapters into the Harmonized System but that it was highly important to give as well trade allocations for each item, in order to participate in the December pre-consultations.

4.18 The Chairman replied that only a few countries had submitted trade data. Also, the practice varied very much from one country to another, certain delegations having chosen to exchange their transpositions including trade allocations among themselves and not through the secretariat. He recalled that the procedures contained in document L/5470/Rev.1 provided for the submission not only of concordance tables in both directions, but also of value of trade allocated to each of the proposed new items for the most recent three years for which statistics were available.

4.19 The representative of Brazil expressed concern in relation to the status of developing countries, not only regarding the December consultations, but

in respect of the whole Harmonized System exercise. As far as his country was concerned, his authorities were concentrating their efforts on the finalization of the loose-leaf schedule. He added that if some delegations were to be kept out of the first consultations, it would be expected that the Committee would keep these countries informed of the outcome of the consultations.

4.20 The representative of Switzerland stated that his delegation had submitted chapters 1 to 24 and hoped to be ready to start informal consultations in December.

4.21 The Chairman stressed that the consultations which would take place starting in December were purely informal discussions among certain delegations. He assured the Brazilian delegation that the Harmonized System would be a permanent agenda item of the Committee and that the secretariat would do its utmost to provide as much transparency as possible to delegations, especially developing countries. He added that when actual Article XXVIII negotiations would start, the secretariat would, as promised, stand ready to provide technical assistance to developing countries.

5. Application of Article XXVIII to New Products

5.1 The Chairman reported that the Chairman of the Committee had so far held two informal meetings with interested delegations, in pursuance of a decision taken in the Committee some time ago, but the outcome of those consultations showed that there was need for further informal discussions. He then called on the delegation of Japan which had requested that this item be put on the agenda.

5.2 The representative of Japan presented to the members of the Committee a paper summarizing the situation. He recalled that in June 1984 a second informal meeting had been held. No conclusion could be reached and it had therefore been agreed to resume discussion at a later date. His Government was hoping that a third informal meeting could be held after the session of the CONTRACTING PARTIES.

5.3 The representative of the European Communities declared that the arguments presented by the Japanese delegation in its informal paper were valid only for Japan and should not be interpreted as having been accepted by his delegation. As to the substance, his delegation had not modified its position and considered that this matter did not concern exclusively the digital audio disc players and high technology products. Any solution that might be reached in an informal group could not prejudice the rights and obligations of contracting parties under Article XXVIII. His delegation fully agreed to continue exploring this problem at technical level in the framework of informal consultations.

5.4 The representative of Canada expressed the concern of his delegation over recent cases where contracting parties had used Article XXVIII in situations that had not been anticipated by the drafters of the GATT. The Japanese delegation had brought to the attention of the Committee one case where the application of Article XXVIII to new products had raised a number of questions but there were other cases where the establishment of tariff quotas, for instance, had raised similar types of questions about the value and security of bound concessions as well as methods for calculating

compensation. Although his delegation did not have a formal proposal to make, he urged members of the Committee to examine the provisions and procedures of Article XXVIII in the light of recent developments, and to consider the possibilities of developing some new approaches to the principles of Article XXVIII.

5.5 The representative of Australia considered that the problem raised by Japan had a wide range of implications which needed a thorough analysis and that further informal consultations seemed to be the appropriate approach.

5.6 The representative of the European Communities was concerned by the statements made by some delegations and made it clear that as far as his delegation was concerned, it was ready to participate in informal consultations aimed at resolving some technical problems arising in the application of Article XXVIII to products for which the necessary statistical data were not available. He could not accept the idea of a re-examination of Article XXVIII nor the development of new approaches.

5.7 The representative of New Zealand understood the reasons behind the Japanese interests in this area and supported a further study along the lines described in the informal paper. He suggested, however, that this study should not be restricted to trade in new high technology products but should include any case where potential for trade was frustrated by a pre-emptive raising of a bound tariff rate. In respect of high technology goods his delegation wished to point out that the issue did not concern only industrial products but also some agricultural products.

5.8 The representative of Austria reserved his right to come back to this matter in informal consultations.

5.9 The representative of Switzerland recognized the importance of the question raised by the delegation of Japan and recalled the mandate given by the Council. The Committee should be conscious of the implications the discussions could have on the question of safeguards and more particularly on the provisions in Articles XVIII, XIX and XXIII. He shared the view expressed by the representative of Canada that other elements pertaining to Article XXVIII, like INRs, should also be examined by the Committee at a later stage

5.10 The Chairman said that he would convey to the Chairman of the Committee the Japanese request to hold a third round of informal consultations shortly.

6. Implementation of MTN Concessions (TAR/W/48)

6.1 The Chairman explained that this item had been placed on the agenda of the meeting at the request of the Japanese delegation which had prepared a background paper on this subject (TAR/W/48 dated 1 November 1984). He recalled that the terms of reference of the Committee included the supervision of the staging of tariff reductions. In view of the fact that several countries had introduced special or conditional rules for the implementation of reductions, he felt that it might be useful to have an exchange of views on this matter. He pointed out that according to the Geneva (1979) Protocol, contracting parties which had granted tariff

concessions during the MTN were expected to implement the sixth tariff cut on 1 January 1985. There would thus be two cuts left to reach the final post-MTN rate on 1 January 1987. It would appear, however, that certain countries were ready to implement those two cuts - or at least one of them - at an earlier date, i.e. on 1 January next year. He invited delegations either to give an oral statement at this meeting or possibly notify the secretariat of their position regarding the situation concerning the remaining tariff cuts.

6.2 The representative of Japan explained that his Government had considered it necessary to review in the Committee the situation of the implementation of tariff reductions by each contracting party. Concerning the general staging, a press release was published every year to that effect. However, it seemed that recently there had been no substantial follow-up concerning the implementation by contracting parties of concessions offered in sensitive areas at certain conditions. In case those reductions were not implemented, the reasons for not having done so should be examined in the Committee. To this effect, the Government of Japan proposed that each delegation should be invited to provide the necessary information, through the secretariat, at its earliest convenience.

6.3 The representative of Sweden, on behalf of the Nordic countries, informed the Committee that Norway and Sweden would, subject to final approval by their parliaments, implement all of the three remaining reductions on 1 January 1985, while Finland would apply two of the three remaining cuts. He recalled that Iceland had already implemented the final reduced rates in 1980. The measures taken by the Nordic countries should be regarded as a contribution to the efforts of reducing trade barriers and to stimulate increased international trade. He was hoping that this initiative would constitute an incentive for other countries to do likewise in order to accelerate the implementation of the remaining tariff reductions.

6.4 The representative of Austria said that for the same reasons invoked by the Nordic countries, his Government had decided to implement the cut planned for January 1986, on 1 January 1985. As to the remaining 8th tariff cut, no decision had yet been taken by his authorities.

6.5 The representative of the European Communities stated that he was not in a position to make a formal statement but that it was the Communities' intention to advance implementation of the rates of 1986 to January 1985 for a number of products of interest mainly to developing countries. His delegation would forward the appropriate notification to the secretariat in due course.

6.6 The representative of Switzerland had no difficulty in accepting the Japanese proposal and could report to the Committee that the 6th tariff cut foreseen for 1 January 1985 had already been implemented on 1 July 1984 and that the 7th cut foreseen for 1986 would be implemented on 1 January 1985. The formal decision in this respect would be taken shortly. His authorities were hoping that other countries would do the same.

6.7 The representative of United States indicated that the Japanese proposal would be referred to his authorities and suggested reverting to this question later since he was not in a position to give any indication as far as his country was concerned.

6.8 The Chairman thanked the delegations that had been able to report on their situation and he suggested that the Japanese proposal remain on the agenda for the next meeting of the Committee. It was so agreed.

7. Report to the Council

7.1 The Chairman recalled that GATT committees, including the Committee on Tariff Concessions, were called upon to make an annual report to the Council. As it would not be possible to circulate a written report on the activities of the Tariff Committee in time, i.e. 10 days prior to the Council meeting, he suggested that the Chairman of the Committee, on his own responsibility, would deliver an oral statement on the Committee's activities at the next meeting of the Council and that the text of his statement would then be circulated to all contracting parties in a TAR-document¹. It was so agreed.

8. Date of the next meeting

8.1 The Chairman indicated that the next regular meeting of the Committee would take place in the spring of 1985, at a date to be fixed in consultations between the Chairman and members of the Committee. It was so agreed.

¹Subsequently circulated in TAR/87.