

GENERAL AGREEMENT ON TARIFFS AND TRADE

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REPORT BY THE CHAIRMAN OF THE COMMITTEE ON TARIFF CONCESSIONS TO THE COUNCIL ON 6 NOVEMBER 1985

1. The Committee on Tariff Concessions has met three times since the last report to the Council: on 20 May, 19 July and 28 October 1985.
2. The main emphasis of the work of the Committee during the reporting period has been on the Harmonized System and its early implementation. This matter was discussed, as the only point on the agenda, at the special meeting of the Committee in July, as well as at the May and October meetings. In view of the importance of this item and in the interest of an even closer collaboration between the two organizations directly involved in the Harmonized System exercise, the Committee decided in July to invite an observer from the Customs Co-operation Council to all of its meetings at which the matter is discussed. An observer from the CCC consequently attended the July and October meetings of the Committee and made statements on the CCC's activities relating to the Harmonized System.
3. Considerable progress was made during this year on the preparation for the actual renegotiations under Article XXVIII, to be held prior to the introduction of the Harmonized System. A total of fourteen countries or groups of countries have so far exchanged voluminous and detailed background documentation relating to the transposition of their GATT schedules into Harmonized System nomenclature and relevant trade statistics. This documentation has served as a basis for a series of consultations between the delegations concerned, which are expected to be very useful for the renegotiations themselves. These consultations will be carried forward in the weeks to come.
4. At the October meeting of the Committee, a consensus emerged between a number of delegations which indicated their objective of starting the Article XXVIII negotiations as early as possible in 1986 with the aim of their conclusion as rapidly as possible, with a view to implementing the Harmonized System at an early date. Some delegations mentioned in this context a period of negotiations between February and July 1986; other delegations were less certain whether these precise dates could be maintained. Serious doubt was expressed as to the possibility of implementation of the Harmonized System on 1 January 1987; another view put forward was that this date was still valid.
5. Some discussion was held at the meetings of the Committee on certain legal aspects of the negotiations and the most advisable procedure to follow for the publication of the results of the negotiations. This discussion took place on the basis of a submission by one delegation and a secretariat note

(TAR/W/51 and 55). More discussion will be necessary to decide on whether a Protocol or a Certification approach will be the most appropriate way of handling the question. A preliminary examination of certain specific policy issues also took place, especially the question of initial negotiating rights (INRs), the definition of suppliers rights and the possibility of introducing a review clause. No agreement has been reached so far and these items will consequently remain on the agenda of the Committee.

6. Concerning the common data base to be established in connection with Article XXVIII negotiations, the secretariat has received draft computer files from the five delegations which intend to participate in the data base. Outstanding difficulties have been discussed by technical experts who held several informal meetings during this year, to advise the secretariat in the final preparation of the data base. At the last meeting of the Committee, delegations expressed the view that the data base should be made operational without delay, although the problem of the coverage of import statistics to be recorded is still under consideration. Delegations also expressed the view that access to the data base information should be open to delegations having submitted complete information with regard to "sensitive" files, such as a complete customs tariff and import statistics in the Harmonized System nomenclature. As was done on the basis of the Tariff Study files, it was also agreed that the secretariat would provide information to developing countries and help them in assessing the effects of national conversions on products of export interest to them.

7. Another matter that has been a regular item on the agenda of the Tariff Committee has been the submission of loose-leaf schedules. During the year under review, some progress has been achieved, both in respect of the submission of schedules in loose-leaf format and the approval of schedules. At present, there are thirty-seven (out of a total of sixty-two) schedules available in loose-leaf form. Eight of these schedules have been approved and are ready for certification. A number of written comments or requests for clarification have been forwarded to the interested countries and it is expected that several additional loose-leaf schedules will be approved in the near future. Although it has been generally agreed that efforts should now be concentrated on the transposition of existing schedules into the Harmonized System nomenclature and on the preparation of the documentation for Article XXVIII negotiations, it has been stressed that it would be useful to have as many loose-leaf schedules as possible, even in draft form, as a basis for the forthcoming negotiations. Some delegations, mainly from developing countries, were urged to respond to requests addressed to them concerning the distribution of their loose-leaf schedules which had previously been prepared by the secretariat as part of its technical assistance activities.

8. In January 1985 contracting parties were invited to submit for certification any rectifications or modifications to their schedules. It was explained to the members of the Committee that the preparation of a new Certification on the model of the former ones would be necessary in view of the fact that the loose-leaf schedule exercise had not proceeded sufficiently to apply a new individual certification system. In addition to the notifications of modifications received by the secretariat over the past 3-4 years, results of Article XXVIII negotiations affecting schedules or parts of schedules, as well as the modifications pursuant to the enlargement of the Annex to the Aircraft Agreement, should also be notified for certification.

Up to now, the secretariat has received notifications from only three countries. Delegations were urged to forward the required notifications to the secretariat, so that the preparation of a Sixth Certification of Changes to Schedules could start very soon.

9. In conclusion, I would like to say that the coming year can be expected to be a very busy one for the Tariff Committee, especially in view of the renegotiations in connection with the introduction of the Harmonized System - negotiations which will require considerable efforts on the part of all delegations.