

GENERAL AGREEMENT ON

RESTRICTED

TARIFFS AND TRADE

TAR/W/77

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Committee on Tariff Concessions

COMMITTEE ON TARIFF CONCESSIONS

Draft Minutes of the Meeting of the Committee held on 10 October 1988

Chairman: Mr. James H. Lau (Hong Kong)

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1. Adoption of the agenda

1.1 The Chairman welcomed the participants to the meeting convened by GATT/AIR/2680 of 29 September 1988, which contained the agenda for the meeting. The agenda was adopted without modification.

2. Status of implementation of the Harmonized System

2.1 The Chairman, referring to document TAR/W/74/Rev.1, noted that only one country - Thailand - had so far annexed its new HS schedule to the Geneva (1988) Protocol. He enquired whether other delegations expected to

annex their HS schedules to this Protocol. The Chairman also reminded those delegations which had a waiver until 31 December 1988 that, if they needed more time for completing their negotiations, they had to submit requests for extension of their waivers by 21 October 1988 at the latest, so that the requests could be considered at the forty-fourth session of the CONTRACTING PARTIES on 7-9 November 1988. He furthermore informed the Committee that several additional governments had indicated to the secretariat their intention to adopt the Harmonized System on 1 January 1989, among them: Cuba, Singapore, Sri Lanka and Turkey.

2.2 The representative of the United States reported that her authorities would implement the Harmonized System on 1 January 1989 and that a new HS Schedule XX would be annexed to the Geneva (1988) Protocol later in the year.

2.3 The representative of Yugoslavia said that negotiations and consultations carried out by her delegation were practically terminated and that her authorities did not intend to request an extension of the waiver. She expected to submit the Yugoslav HS Schedule before the end of the year.

2.4 The representative of Czechoslovakia confirmed that his country would implement the Harmonized System on 1 January 1989 and that the Czechoslovak Schedule would be annexed to the Geneva (1988) Protocol before that date.

2.5 The representative of the European Communities, referring to the delegations that had obtained a waiver, noted regretfully that some of them had not yet submitted any of the required documentation for carrying out possible negotiations and requested them to do so as soon as possible so that the waivers would not be extended indefinitely.

2.6 The representative of Indonesia indicated that his delegation had encountered technical difficulties in transposing the Indonesian schedule into the Harmonized System nomenclature and would therefore submit a request for extension of the waiver very shortly.

2.7 The representative of Mexico said that his authorities were finalizing the HS documentation which would be submitted as soon as received in Geneva.

2.8 The representative of the United States said that her delegation had no objection to the extension of waivers, but would like to receive the documentation from the countries concerned as soon as possible.

2.9 The representative of Singapore confirmed that her country intended to implement the Harmonized System on 1 January 1989 and, to this effect, had completed the necessary documentation which had been forwarded to the secretariat; she added that in the transposition of Singapore's schedule, there had been no change in the rates or the bindings.

2.10 The representative of Turkey stated that he had not yet been instructed by his authorities to request a waiver. If Turkey were to implement the Harmonized System on 1 January 1989, his delegation would follow GATT procedures and submit a request for a waiver in due time.

3. Ongoing negotiations and submission of documentation related to the Harmonized System

3.1 The Chairman informed the Committee that the Harmonized System documentation from Singapore had been circulated in document SECRET/HS/19. He enquired about the position of the delegations which had not yet submitted any documentation.

3.2 The representative of Chile reminded the Committee that his delegation had reserved its rights under Article XXVIII concerning the Schedules of Japan, the European Communities and the United States.

3.3 The representative of the European Communities said that he was not aware of any difficulty vis-à-vis Chile regarding the EC Harmonized System schedule. However, his delegation was ready to consult with Chile if there were any problems.

3.4 The representative of Japan considered that negotiations between his country and Chile were terminated, but his delegation was willing to consult with Chile if necessary.

3.5 The representative of South Africa informed the Committee that his authorities had completed the work related to the transposition of the South African Schedule. The remaining chapters were being processed and would be submitted to the secretariat soon, so that the complete HS documentation of South Africa could be distributed.

4. Completion of columns 5, 6 and 7 in the Harmonized System Schedules

4.1 The Chairman recalled that the HS schedules annexed to the various protocols were legally valid consolidated - but incomplete - schedules as long as all the columns had not been filled in. It had been agreed in the Committee that those delegations that had annexed HS schedules to the three Geneva (1987) Protocols would endeavour to complete the information in all columns by the end of this year. However, some problems had come up in relation with the indication to be inserted in column 6: "Concession first incorporated in a GATT schedule". This question had been examined during the informal meeting held in July, during which different views had been expressed: some delegations had spoken in favour of indicating the earliest date at which (at least) part of an HS concession had been bound. Another possibility mentioned had been to insert in column 6 the most recent legal instrument in which an HS concession, or part thereof, had been published. The Chairman requested the delegations concerned to report on the progress of their negotiations or consultations and whether the proposed target could be respected.

4.2 The representative of Korea said that with respect to the negotiations on initial negotiating rights (INRs), his delegation had prepared a draft containing Korea's initial offer; this document would be forwarded to the interested parties in the very near future. In this connection, the delegate of Korea requested all parties concerned to co-operate fully so that the Korea could terminate the negotiations on INRs by the end of this year. He expressed the hope that the other delegations in question would also conclude the negotiations on INRs by that time.

4.3 The representative of the European Communities indicated that his delegation also had prepared draft proposals, for distribution to contracting parties concerned in the next few days; these proposals contained the missing information for columns 5, 6 and 7. In column 6, reference would be made to the Schedule of the Community of Twelve, because all previous concessions and schedules had been withdrawn.

4.4 The representative of Canada was not yet in a position to submit any proposals, but her delegation would shortly forward to various countries pre-HS lists of INRs which would facilitate work in determining the interest of other countries in Canada's GATT Schedule.

4.5 The representative of Japan recalled that his delegation had already completed column 5. Regarding column 7, his delegation was preparing offer lists on historical INRs to be submitted in the near future to countries concerned as a basis for bilateral negotiations.

4.6 The representative of the European Communities expressed concern about the statement made by Canada to the extent that proposals on pre-HS INRs would be circulated; in his opinion, it would be useful to know what INRs would appear in the Canadian HS schedule.

4.7 The representative of Switzerland said that concerning column 7, his delegation would soon submit offers to parties concerned.

4.8 The representative of the United States indicated that her delegation would in the near future make offers with respect to both columns 5 and 7; in preparing the offers, the United States had attempted to reinstate in a fair manner the TSUS-based INRs in the new HS Schedule XX while avoiding undue complexity.

4.9 The representative of Czechoslovakia reported that his delegation had completed negotiations on columns 5 and 7 with a majority of countries and expected to conclude negotiations with the remaining contracting parties soon; the Czechoslovak offers consisted in INRs listed in original nomenclature together with their transposition into the Harmonized System nomenclature.

4.10 The representative of Sweden expected to complete columns 5 and 7 before the end of the year.

4.11 The representative of Australia reported that work on columns 5, 6 and 7 had been undertaken in the capital and that negotiations on columns 5 and 7 had been completed with all contracting parties except the United States and the European Communities; concerning column 6, her authorities expected to have a completed list for circulation shortly. Referring to column 6 and the statement made by the delegate of the European Communities, she expressed concern about his interpretation of what should appear in this column and requested the secretariat's view concerning this issue, a majority of members of the Committee seemed to favour indicating the date when a concession had first been granted.

4.12 The representative of Austria indicated that his delegation had not yet terminated the consultations with its partners, but was hoping that the target date of end 1988 could be respected.

4.13 Mr. Kautzor-Schröder (secretariat), replying to the question raised by the representative of Australia, pointed out that the contents of columns 5 to 7 of the HS loose-leaf schedules would be subject to the certification procedure, which meant that any contracting party could raise objections against the entries in these columns in the schedules of other contracting parties or of the EC. An agreement among interested delegations was therefore highly desirable; otherwise the schedules in question might not be approved for quite some time. He went on to say that the EC of Ten had ceased to exist on 31 December 1985, and on 1 January 1986, a new customs union had been created, which was the EC of Twelve. This new customs union had presented a new schedule, and consequently Schedules LXXII and

LXXII bis had ceased to exist and had been replaced by the new EC Schedule LXXX. There had been similar cases in the past concerning other contracting parties, such as Brazil and Indonesia, which had obtained waivers for the renegotiation of completely new schedules. He also drew attention to a secretariat note which had been established in the context of the Negotiating Group on GATT Articles relating to the practice of unilaterally withdrawing concessions without having gone through the required Article XXVIII negotiations or without having obtained a waiver; the reply to the question raised by Australia should be seen together with the response which had been given by the secretariat in that other context.

4.14 Furthermore, answering a query from the representative of Yugoslavia, Mr. Kautzor-Schröder said that, to the extent possible and work permitting, the secretariat was, in principle, ready to provide technical assistance to developing countries regarding the completion of columns 5 to 7.

4.15 The Chairman noted that further consideration of the column 6 issue was necessary to arrive at an agreement and suggested that this matter be kept on the agenda of future meetings.

5. Report of the Committee to the Council

5.1 The Chairman recalled that the Chairman of the Council, at its meeting of 10 November 1987, had asked the Committee on Tariff Concessions to present a written, rather than oral, report to the Council. A draft text

of the report on the Committee's activities during the year had been distributed to all members in document TAR/Spec/4. The Committee examined this draft text and adopted it with some amendments.¹⁾

6. Date of next meeting

6.1 The Chairman proposed that the Committee meet in formal session in the course of the first semester of 1989, at a date to be fixed in consultation with delegations, leaving open the possibility of meeting informally at an earlier date if the need arose.

It was so decided.

¹The final text of the report of the Committee was subsequently distributed in document TAR/171/Rev.1