

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

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Committee on Tariff Concessions

COMMITTEE ON TARIFF CONCESSIONS

Draft Minutes of the Meeting held on 9 October 1990

Chairman: Mr. Alejandro de la Peña (Mexico)

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1. Adoption of the Agenda

1.1 The Chairman welcomed the participants to the first meeting of the Committee in 1990 convened by GATT/AIR/3110 dated 1 October 1990, which contained the agenda for the meeting. The representative of Japan requested to raise, under "Other business", a matter concerning the amendments of the Harmonized System Convention scheduled to take place on 1 January 1992, and their implications for tariff schedules of countries applying the Harmonized System nomenclature. The agenda was adopted with this addition.

2. Status of implementation of the Harmonized System

2.1 The Chairman referred to document TAR/W/74/Rev.6 dated 4 October 1990 and noted that since the last meeting of the Committee in October 1989, only Singapore had annexed a new HS schedule to the Geneva (1989) Protocol. Seventeen countries and the EC had annexed their HS schedules to a Protocol. Several countries had introduced the Harmonized System without having followed any GATT procedures, while some other countries had requested a waiver in order to carry out Article XXVIII negotiations subsequently. He reminded the latter countries that the time-limit of their waivers expired on 31 December 1990 and that, if necessary, they would have to request an extension of their waivers as soon as possible; these requests would have to be considered by the Council at its 7 November meeting, the last meeting of the Council before the next session of the CONTRACTING PARTIES. The countries concerned were Bangladesh, Brazil, Indonesia, Israel, Malaysia, Mexico, Pakistan, the Philippines, Sri Lanka and Turkey. The Chairman further stated that a Geneva (1990) Protocol had been opened recently (document L/6728), and that delegations which were in the process of terminating their Article XXVIII negotiations had until the end of the year to annex their new HS schedules to the Protocol. He reported that Indonesia had notified its intention to annex and enquired whether any other delegations expected to do the same. In addition, he requested countries which had decided to adopt the Harmonized System and which were not listed in document TAR/W/74/Rev.6 to indicate this to the Committee.

2.2 The representative of Hungary informed the Committee that her authorities would introduce the HS nomenclature on 1 January 1991. Her delegation would contact the secretariat regarding the procedures to be followed.

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

3.1 The Chairman referred to document TAR/W/67/Rev.9 and noted that since the circulation of this document, the delegations of Sri Lanka, Cuba and Iceland had submitted the required HS documentation in connection with the transposition of their schedules (documents SECRET/HS/26, 27 and 28, respectively). The delegation of Indonesia had also submitted a revised version of its HS documentation (document SECRET/HS/18/Rev.1). He enquired whether those delegations which had not yet submitted their HS documentation would do so in a foreseeable future. He referred more particularly to Bangladesh, Chile, India, Israel and Pakistan.

3.2 The representative of the European Communities pointed out that the delegations referred to by the Chairman were not present at the meeting. He suggested that the Chairman write to them and inform them of the outstanding problems that could result from a delay in the submission of the necessary HS documentation.

3.3 The Chairman noted the statement made by the representative of the EC and said that these delegations would be informed in writing of this agenda item and of the relevant comments made.

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

4.1 The Chairman stated that very little progress had been made regarding this matter since the meeting of 13 October 1989. He recalled that it had been suggested that, as a general rule, the date to be indicated in column 6 should be the date at which a concession or part of a concession was first granted. However, some delegations had requested more time to reflect on this proposal, particularly in view of the ongoing Article II:1 (b) discussions. He hoped that the outcome of these discussions would contribute towards reaching agreement on the content of column 6. He also recalled that as long as no cut-off date had been fixed

for the supply of the missing information in the various columns of the loose-leaf schedules, previous GATT legal instruments remained valid sources of information. Until the time of final certification, the right to challenge entries in columns 5 to 7 remained. He added that of the seventeen contracting parties and the EC that had annexed an HS schedule to a Protocol (EC=1), only three had so far completed all the columns, namely Hong Kong, Thailand and Zimbabwe. Three countries, Norway, the United States and Yugoslavia had submitted proposals for the inclusion of additional information in the various columns. The Chairman invited all delegations concerned to report on the progress made in their negotiations or consultations regarding entries under columns 5 to 7. He observed that progress concerning this issue had been slow due to the pressure of work in other areas.

4.2 The representative of Canada stated that documentation containing information for columns 5, 6 and 7 had been prepared and was ready for distribution to all interested delegations. A mechanical transposition of the Customs Co-operation Council Nomenclature (CCCN) to the Harmonized System nomenclature had been done for these three columns. Entries under these columns were to be finalized once discussions were concluded with the relevant contracting parties.

4.3 The representative of Australia stated that her country's revised schedule would include entries under columns 5, 6 and 7 and that it would be circulated in the near future.

4.4 The representative of the European Communities said that his authorities had already circulated details of proposals for entries on current and "ceiling INR's". He added that discussions, with a view to resolving this issue, were still continuing with the contracting parties concerned.

4.5 The Chairman took note of the statements made by the representatives of Australia, Canada and the EC and encouraged delegations to pursue work in this matter.

5. Report of the Committee to the Council

5.1 The Chairman introduced the draft report (document TAR/Spec/6)<sup>1</sup> prepared by the secretariat on the activities of the Committee during 1990. It was to be presented at the next meeting of the GATT Council on 7 November 1990. He observed that the Committee's activities had been limited during the current year due to the heavy workload in other areas.

5.2 The representative of the United States suggested the inclusion in the report of an annex containing a list of the contracting parties which had implemented the Harmonized System without having followed the relevant GATT procedures.

5.3 The Committee adopted the report with this amendment.

6. Other business

6.1 The representative of Japan stated that the amendments which were to be made to the Harmonized System Convention on 1 January 1992 would result in the modification of the HS nomenclature. In the case of changes of a purely formal character, the Procedures for Modification and Rectification of Schedules of Tariff Concessions<sup>2</sup> would apply. However, in the case of substantive changes, Article XXVIII negotiations had to be conducted. He asked whether those substantial changes could not already be incorporated into the Uruguay Round loose-leaf tariff schedules.

6.2 The representative of the European Communities stated that he could identify two issues with respect to the suggestion made by the representative of Japan. The first issue related to the procedures to be followed when incorporating into the HS nomenclature the changes arising

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<sup>1</sup>The report was subsequently circulated as TAR/187.

<sup>2</sup>BISD 27S/25.

from the future amendments of the Harmonized System Convention. For non-substantive changes, the contracting parties would follow the modification and rectification procedures, while for substantive changes they would follow the procedures set out in Article XXVIII. The second issue related to the incorporation of such future substantive modifications already into the Uruguay Round loose-leaf tariff schedules. The representative of the EC felt that, for reasons of transparency, any future revision of the HS classification should only be dealt with at the time of the revision. However, he did not rule out the possibility of contracting parties making changes to their schedules provided that explanations were given as to why the changes were taking place and as to their impact.

6.3 The Chairman took note of the statements made by the delegations of Japan and the EC. He stated that it might be premature to consider this issue in great depth, as the amendments concerning the Harmonized System Convention were to take place only on 1 January 1992. However, this matter would have to be discussed again.

6.4 The representative of the United States suggested that the secretariat, in co-operation with the Customs Co-operation Council (CCC), establish a list of the changes that would be made to the HS nomenclature on 1 January 1992. Such a list would not only help the Committee consider in more depth the issue raised by the Japanese delegation, but would also help delegations become more aware of how such changes might influence present negotiations.

6.5 Mr. Kautzor-Schröder (secretariat) in reply to the suggestion made by the United States' representative stated that such information could be provided by the secretariat to the Committee for its next meeting. However, this information could not be presented on a country-by-country basis, but in a compiled form so as to give a general idea of the changes to take place in 1992.

6.6 The representative of the United States stated that for this requested information to be useful to delegations, it would have to be supplied in the very near future.

6.7 The representative of the European Communities supported the suggestion made by the representative of the United States. In his view, it was important to know where the changes in the HS nomenclature would take place, particularly in situations where an item was going to be transferred from one 6 HS-digit heading to another.

6.8 The Chairman requested the secretariat to provide information on the future amendments of the Harmonized System as soon as possible in order to evaluate the impact it could have on agreements reached within the GATT. This information, while not possible on a country-by-country basis, could be given at the level of the specific amendments which were to be made to the Harmonized System Convention.

6.9 Finally, the Chairman drew the Committee's attention to document TAR/W/23/Rev.21 dated 4 October concerning the status of Pre-HS Loose-Leaf Schedules. He requested delegations to make an effort in order to finalize the verification of some of these schedules.

## 7. Date of the next meeting

7.1 The Chairman suggested that the exact date of the next meeting would be fixed in consultations with members of the Committee.