

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

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Committee on Tariff Concessions

Minutes of the Meeting Held on 19 October 1994

Chairperson: H.E. Ms. Lilia R. Bautista (Philippines)

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1. Adoption of the agenda

1.1 The **Chairperson** welcomed the participants to the second formal meeting of the Committee this year, which was convened by GATT/AIR/3637. The proposed agenda and the list of relevant documents were contained in the airgram. The agenda was **adopted** without modification.

2. Harmonized System

2.1 Status of implementation of the Harmonized System by GATT contracting parties

2.1.1 The **Chairperson** referred to document TAR/W/74/Rev.12 which gave the current situation regarding the certification of HS schedules and the implementation of the Harmonized System by GATT contracting parties. She indicated that a new Geneva (1994) Protocol had been opened for acceptance on 24 May 1994 and circulated in document L/7463. She noted that three countries had since then annexed a new consolidated HS schedule to this Protocol, i.e. Brazil, India and Mexico, and she expressed the hope that additional countries would be in a position to annex their HS schedules to this Protocol before the end of the year.

2.1.2 Regarding the implementation of the Harmonized System by GATT contracting parties, the Chairperson noted that, as could be seen from document TAR/W/74/Rev.12, and according to information available in the Secretariat, only a very few contracting parties had not yet implemented the Harmonized System. However, to date, out of 84 contracting parties having a GATT schedule, only 28 - plus the European Communities - (i.e. 40 contracting parties) had HS certified schedules.

2.2 Ongoing negotiations and submission of HS documentation by contracting parties under waivers

2.2.1 Referring to document TAR/W/67/Rev.15, the Chairperson drew the Committee members' attention to the fact that presently there were fourteen countries which had been granted a waiver in connection with the transposition of their schedules into the Harmonized System. Seven of them had submitted the necessary documentation and were in the process of negotiations and/or consultations under Article XXVIII; the other seven countries had not yet submitted the required HS documentation. In addition to these fourteen countries under HS waivers, three additional countries were under normal waivers to renegotiate their schedules, or part of them, and had not yet completed their renegotiations. She noted that most of those waivers, concerning seventeen countries, would expire on 31 December 1994 and that in all cases where the negotiations could not be concluded before that date, the waivers would need to be extended.

2.2.2 The Chairperson recalled that, following the agreement of the Committee to the proposal made by the Chairman at the meeting of 6 December 1993 concerning the extension of waivers, countries which needed an extension would have to provide factual information related to their requests for extension and that this factual information would be included in the report of the Committee to the Council on its activities twice a year. Although it was hoped that some of these countries would be able to conclude their negotiations and submit their new HS schedules for certification before the end of the year, the Secretariat would shortly remind all delegations concerned to submit the required factual information by 7 November 1994, for inclusion in the report of the Committee.

2.2.3 As concerned the timing of the report on the Committee's activities to the Council including the factual information requested from countries concerned on the extension of their waivers, the Chairperson explained that since the last meeting of the Council before the session of the CONTRACTING PARTIES would take place on 10 November 1994, and the GATT/AIR convening the meeting would be circulated ten days earlier, it would be difficult to prepare the necessary documentation for the Committee to examine the report before submitting it to the Council of 10 November. She therefore suggested that at the meeting of the Council on 10 November 1994, as Chairperson of the Committee, she would make a statement explaining that in view of the time constraints and the possibility that several countries might be able to terminate their negotiations soon, the requests for extensions of waivers and the report on the activities of the Committee would exceptionally be submitted to the CONTRACTING PARTIES at their December Session. The Committee agreed with this course of action.

2.2.4 The representative of Mexico confirmed that his delegation had concluded the negotiations related to the transposition of its schedule into the Harmonized System and had submitted it to the Secretariat for certification; Mexico would thus not need any further extension of its HS waiver.

2.2.5 The representative of Argentina, referring to the transposition into HS of the Argentine schedule, said that there had been no change, and that his delegation was still waiting for comments from its trading partners. In his view, no modification of the concessions had taken place in this process.

2.2.6 The representative of the United States pointed out that as concerns Argentina, he would clarify the situation with Washington and hoped that the matter could be settled soon.

2.2.7 The representative of Venezuela informed the Committee that his country was about to conclude negotiations and he was confident that this could be done before then end of the year so that it would not be necessary to extend Venezuela's waiver; to date, comments had only been received from two delegations.

2.2.8 The representative of the European Communities indicated that his delegation would get in touch with Costa Rica and Venezuela. He suggested that those countries which had outstanding waivers should contact the delegations that had reservations in order to accelerate the process.

2.2.9 The representative of Argentina confirmed that his delegation had received some reservations related either to some typographical errors or to items that had been offered in the context of the Uruguay Round; he was of the view that all the pending problems related to the transposition of the Argentine schedule could be solved within a common understanding, so that Argentina could provide a new submission.

2.2.10 The representative of Australia, referring to the Communities' proposal, wondered whether one had to assume that it was the country submitting the schedule that had to contact the delegations that had reservations. If this was the case, a question of burden of proof might arise.

2.2.11 The representative of the European Communities said that in cases where his delegation had a problem with a particular country, it did not know whether other countries had similar problems; only the country concerned - and the GATT Secretariat - knew about the exact situation of a particular country. In his view, it would be helpful to have, for each individual country under waiver, an indication as to what the problems were and which were the delegations having problems so that a solution could be found as quickly as possible.

2.2.12 The representative of Canada recalled that the purpose of reporting every six months on the status of waivers was to bring to an end outstanding negotiations that had been going on for years in certain instances. He agreed with the Communities' delegate that one way of speeding up the process would be to share information on the outstanding issues related to waivers and, in this respect, he informed the Committee that Canada had contacted four delegations that had notified changes and that in two cases, it would be able to solve the problems. In the two other cases, his country was still awaiting a reply to the questions it had raised some time ago. He encouraged the delegations concerned to submit a complete report on their outstanding negotiations with a view to speeding up the process, bearing in mind that in 1995 the Committee would be faced with another set of HS changes.

2.2.13 The Chairperson agreed with the suggestion put forward by the representatives of Canada and of the European Communities and offered, if necessary the auspices of the Chair to contact the delegations concerned.

2.2.14 The representative of Argentina expressed some concern regarding the suggestion made by the delegates of the European Communities and Canada, and recalled that his country was not in favour of the Committee assuming the powers of the Council for matters related to waivers. Argentina accepted, however, that countries concerned should submit factual information to the Committee on the condition that the waivers remained the exclusive prerogative of the CONTRACTING PARTIES.

2.2.15 The Chairperson pointed out that there was no question that the Committee would arrogate powers of the Council but, through the factual information contained in its report to the Council, the Committee could help to speed up the process. She reminded the countries concerned that the deadline for the submission of the factual information was 7 November 1994 and that, as agreed, the factual information related to the extension of the waivers would be included in the report of the Committee to the CONTRACTING PARTIES.

2.3 Changes in the Harmonized System to be implemented on 1 January 1996 - Preparation of the documentation

2.3.1 The **Chairperson** stated that informal consultations on this subject had taken place on 14 July and 7 October 1994 and that, at the request of the Committee, the Secretariat had prepared a note entitled "Transposition of Schedules into the 1996 Harmonized System and Establishment of Loose-Leaf Schedules" which was circulated in document TAR/W/93. As agreed during informal consultations, the existing procedures contained in document L/6905 would continue to apply, but it was understood that, depending on the status of a particular schedule, those procedures would be applied with a certain measure of flexibility, as far as the time-limit for the submission of the documentation was concerned. It was her intention to make a statement to this effect to the Council of 10 November 1994. Furthermore, it was understood that the transposition of the Uruguay Round schedules into the Harmonized System would be carried out in parallel with the introduction and implementation of the HS96 changes in the national tariffs.

2.3.2 **Mr. Kusahara** (Director of the Nomenclature and Classification Division of the Customs Co-operation Council in Brussels) informed the members of the Committee that the organization referred to as the Customs Co-operation Council had been renamed "World Customs Organization" (WCO). He provided the Committee with the following information related to recent developments in the Harmonized System: (1) the work related to the revision of the publication entitled "Explanatory Notes", which was considered as the official guide for the interpretation and application of the Harmonized System, was expected to be completed by the end of the year; (2) the WCO Secretariat would publish a new brochure which would provide explanations for each 1996 amendment, facilitating thus administrations' work in their tariff transposition; if requested, the WCO Secretariat was prepared to provide copies of the brochure for distribution to all GATT contracting parties; (3) the WCO Secretariat had organized seminars in various countries at which HS96 amendments were explained in detail; recently, such a seminar took place in Zimbabwe where about twenty countries had been invited; Mr. Kusahara thanked the GATT Secretariat for having provided, on that occasion, a lecturer who explained the implications of the HS96 changes on the GATT schedules of concessions and the procedures that would need to be followed to introduce those changes in the Schedules; (4) he expressed the hope that Article XXVIII procedures would be completed in time so that new GATT schedules, based on HS96, could be implemented at the same time.

2.3.3 Replying to questions raised by the Chairperson, **Mr. Kusahara** explained that contracting parties to the HS Convention were working on the transposition of their tariffs but that, since the work on the revision of the Explanatory Notes had not been completed, the administrations could not finalized their transposition work. He was not aware of any country having terminated this work. He also confirmed that the WCO Secretariat planned to organize further HS seminars for Asian countries and that, subject to agreement by the Philippine government, the next HS seminar would take place in the Philippines.

2.3.3 The representative of **Hong Kong** thanked the WCO representative for his information on the current situation and said that his delegation would appreciate any publication from the WCO that would help in the transposition exercise.

3. Other business

3.1. Submission of national tariffs

3.1.1 The **Chairperson** informed the Committee members that since the last meeting of the Committee, the Secretariat had received from several contracting parties the latest editions of their national tariffs

and, consequently, document TAR/W/40/Rev. 12 would be up dated for the next meeting. She requested delegations which had not done so yet, to make every effort to provide the Secretariat with two copies of their most recent tariff, one copy for the Market Access Division and one copy for the IDB Section of the Statistics and Information System Division.

3.2 Date of next meeting

3.2.1 The Chairperson suggested that, in order to examine the report on the activities of the Committee to the CONTRACTING PARTIES, and to consider any other question that might be raised, the Committee would meet once more before the end of the year, preferably on 22 November 1994.