

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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COUNCIL

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## HARMONIZED SYSTEM AND ARTICLE XXVIII NEGOTIATIONS

### Communication from Argentina, Brazil, Cuba, Egypt Nicaragua, Uruguay and Yugoslavia

The following communication, dated 17 November 1986, from the Permanent Mission of Argentina, also on behalf of Brazil, Cuba, Egypt, Nicaragua, Uruguay and Yugoslavia, has been received by the secretariat.

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We are writing in order to convey to you some remarks on the renegotiations that take place following the introduction of the Harmonized System, and would request you to transmit these remarks to the contracting parties.

As the contracting parties know, transpositions of the Harmonized System into national tariffs can cause duty increases on headings bound in GATT, and this would require compensation under Article XXVIII.

Schedules with the transpositions began to be presented by the principal partners in April 1986, containing, as was to be expected, voluminous information that will have to be studied and evaluated by national administrations in order to determine whether or not injury exists as a result of the transposition process.

The time-limits established in Article XXVIII, and more particularly in the guidelines adopted by the Council on 10 November 1980 (C/113 and Corr.1), are of 90 days within which the contracting party that considers itself affected must make the relevant claims. Notwithstanding this, it is clear that those time-limits, like Article XXVIII itself, were not set nor formulated with a view to a situation involving such voluminous and complex examination as that resulting from the introduction of the Harmonized System. On the contrary, renegotiations under Article XXVIII normally concern only one or a few tariff headings, and one single contracting party.

We understand that efforts should be made to observe the time-frames established for introduction of the Harmonized System, i.e. 1 January 1988. Nevertheless, our administrations are encountering great difficulties in finalizing evaluation of the schedules presented and making any claims that might be relevant within the time-limits set at present.

For this reason, and considering that, as already indicated, the renegotiations resulting from introduction of the Harmonized System are a highly unusual case of recourse to Article XXVIII of the General Agreement, it is considered that the CONTRACTING PARTIES should adopt a decision, a draft text of which is attached, to cover this particular case.

Finally, we consider convenient that the President of the Council might begin consultations among interested delegations in order to achieve, if possible, a decision on this subject during the next session of the Council.

ANNEX IDraft Decision related to the extension of the time-limit included in the Guidelines related to the Procedures for Negotiations under Article XXVIII (BISD 27th Suppl., page 26)

With reference to the Guidelines adopted by the CONTRACTING PARTIES on 10 November 1980 concerning the Procedures for Negotiations under Article XXVIII and in the light of the special circumstances and the unforeseen complexity of the negotiations related to the introduction of the Harmonized Commodity Description and Coding System (Harmonized System), the Council agrees that the time-limit of ninety days provided for in paragraph 4 of the Guidelines for the submission of claims of interest should be extended in order to enable contracting parties to complete the examination of the transposed national schedules.