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TARIFFS AND TRADE

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Committee on Tariff Concessions

REPORT BY THE CHAIRMAN OF THE COMMITTEE ON
TARIFF CONCESSIONS TO THE COUNCIL
ON 10 NOVEMBER 1987

1. The Committee on Tariff Concessions has held four meetings since the last report to the Council: on 4 and 17 December 1986, on 27 March, on 2 July and on 2 October 1987. A fifth meeting is planned to take place before the end of the year.
2. In view of the forthcoming introduction of the Harmonized Commodity Description and Coding System, usually referred to as the Harmonized System, on 1 January 1988, by a good number of contracting parties, the activities of the Committee during the year have mainly focused on the negotiations under Article XXVIII, which the contracting parties in question had to carry out in connection with the transposition of their schedules into the Harmonized System.
3. At the end of last year, a special meeting of the Committee was held to discuss in particular the time-limits provided for presenting claims of interest in the context of the Harmonized System Article XXVIII negotiations. Following consultations between interested delegations and in the light of the decision taken by the CONTRACTING PARTIES at their 42nd Session, the Committee recognized that it was necessary to extend the time-limits for the submission of specific claims of interest related to the transposition of national schedules of tariff concessions into the Harmonized System.
4. The Committee agreed that the results of the negotiations related to the introduction of the Harmonized System would be published in a protocol. The text of this Geneva (1987) Protocol is contained in document L/6112. Five countries had by the end of July - the deadline provided for in the Protocol - terminated their negotiations and were able to annex their new GATT schedules expressed in the Harmonized System nomenclature to the Protocol. Those countries, which have in the meantime also accepted the Protocol, are Japan, Finland, Sweden, Norway and New Zealand. Other contracting parties which intend to implement the Harmonized System on 1 January 1988 could not conclude their negotiations in time, and it was therefore decided to establish a second Protocol with the same legal status, but with different dates for the annexation of schedules and for acceptance. The text of the Second Geneva (1987) Protocol was circulated in document L/6122, and contracting parties have until 20 November 1987 to annex their new schedules, and until 31 December 1987 to accept it. This Second Protocol will, as the first one, enter into force on 1 January 1988

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and it is expected that most of the delegations which have carried out extensive negotiations during this year will be able to join this Protocol with a view to implementing the Harmonized System on 1 January 1988.

5. The conduct of the negotiations mentioned before has been greatly facilitated by the existence of the Harmonized System Data Base - at least for the five delegations participating in it, which have been able to exchange their tariff and trade data on magnetic tape. In addition, the data have also been of benefit to developing countries which, in the context of the technical assistance by the GATT secretariat, have received information that has helped them to assess the effects of the tariff conversions by other countries on products of export interest to them. The point was stressed that more delegations should join the Data Base or, alternatively, the Tariff Study exercise in order to bring about greater transparency.

6. Several aspects concerning the content and presentation of the Harmonized System schedules for inclusion in the Protocol and their conformity with the Loose-Leaf System have been examined in the Committee. Bearing in mind the time constraint, it was agreed that the schedules to be annexed to the Protocols, to be presented in loose-leaf form, would as a minimum contain information on the tariff item number, the product description, the duty rate and the legal instrument containing the concession. Negotiations on other elements, especially on current and historical initial negotiating rights, would continue next year, and it was agreed that in the meantime, existing rights would remain unaffected. The results of these subsequent negotiations would in due course be included in the schedules according to the procedures for the rectification and modification of schedules.

7. Another aspect of the Tariff Committee's work is that in August 1987, the text of the Sixth Certification of Changes to Schedules was circulated. It contains the results of a number of renegotiations under Article XXVIII and the modifications resulting from the enlargement of the Annex to the Civil Aircraft Agreement. The Certification will enter into force at the end of November unless objections are received. Progress can also be reported concerning the submission of schedules in loose-leaf form. A total of 42 of these schedules have been presented until now and eleven of these have been approved and included in the Sixth Certification. However, further efforts - essentially in the capitals - will have to be made in order to arrive at a satisfactory situation.

8. In conclusion, it can be stated that 1987 has been a particularly active year for the Committee on Tariff Concessions, especially in view of the introduction - on 1 January 1988 - of the Harmonized System by several contracting parties covering a high percentage of international trade. Other countries will, however, follow in 1988 and it can thus be expected that the activities of the Committee will be equally lively in the new year.