

# GENERAL AGREEMENT ON

# TARIFFS AND TRADE

RESTRICTED

TAR/W/86  
23 November 1992

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## COMMITTEE ON TARIFF CONCESSIONS

### Draft Minutes of the Meeting held on 21 October 1992

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 1992 convened by GATT/AIR/3358 of 8 October 1992, which contained the proposed agenda and the list of relevant documents. The agenda was adopted.

2. Changes in the Harmonized System nomenclature affecting GATT Schedules

2.1 The Chairman recalled that, at its meeting of 8 October 1991, the Council adopted a text containing the procedures for incorporating changes in the Harmonized System affecting GATT schedules which were implemented on 1 January 1992 (document L/6905). He also reminded the members of the Committee that the documentation related to those changes should have been submitted to the Secretariat for circulation to contracting parties before the entry into force of the changes. He reported that to date, the Secretariat had received such notifications only from eleven countries: Australia, Austria, European Communities, Finland, Japan, Korea, Norway, Sweden, Switzerland, Thailand and ex Yugoslavia, and that the relevant documentation had been circulated with documents SECRET/C/HS/1 to 11 respectively. All the proposed changes had been approved and it was proposed by the Secretariat to prepare a collective certification of these changes. All the delegations concerned had accepted this suggestion, except one. Thus the certification process had been suspended until a satisfactory solution was found. Since there were submissions missing the Chairman enquired whether the delegations concerned would soon be in a position to submit the requested documentation.

2.2. The representative of the United States reported that on 2 October, the 60 day review period by the Congress was completed and the President was now entitled to proclaim those changes. The proclamation was under preparation and should come into effect on 1 January 1993. He added that no rates had been changed in the Schedule and that the necessary documentation would be submitted to the Secretariat before the end of the year.

2.3 The representative of Canada explained that the Bill to give effect to the HS changes had been submitted to the Canadian Parliament last spring but had not yet been enacted; meanwhile the modified rates had been applied on a de facto basis. As soon as parliamentary approval would be obtained the documentation to amend Schedule V would be submitted for comments and,

possibly, for negotiations. Only two of the many changes involved increases over bound rates. For the sake of transparency he said that the two changes related to (a) the deletion of tariff heading 1519.20, previously dutiable at 8 per cent, now transposed to a number of other items dutiable at 12.5 per cent and (b) the modification of heading 0404.10 concerning modified whey, previously dutiable at 15 per cent and now technically split between 0404.1010, (AVE of 4.7 per cent) and 0404.1090 at 17.5 per cent. From the lack of reactions from exporters to Canada to date, it seemed clear to him that most modified whey trade was entering at the reduced rate. The Canadian delegation viewed this as an important exercise and considered the procedures established by the Committee to be particularly valuable when the next substantive HS changes would have to be implemented.

2.4 The representative of the Customs Co-operation Council provided some information on the Customs Co-operation Council's activities with respect to the revision of the Harmonized System and the substantive changes that would be introduced. He explained that for the past three years the CCC, through its Review Sub-Committee, had been undertaking a review of the Harmonized System with a view to keeping it up-to date with the changes in technology and in patterns of international trade. A special meeting of the Harmonized System Committee would be held in June 1993 to finalize drafting the Council recommendation amending the Harmonized System. This Recommendation was expected to be formally approved in July 1993, would become final in January 1994 and would come into force on 1 January 1996. The review of the Harmonized System was intended to ensure that important new products were specifically provided for and that significant changes in trade patterns would be taken into account in the nomenclature. While the HS review covered all HS chapters, the greatest number of changes would affect the machinery and electronic equipment chapters (Chapters 84 and 85). The number of amendments was estimated to be in the range of 400; The Review Sub-Committee also examined a list of 100 low-trade sub-headings for possible deletion, where a cut-off figure of US\$ 10 million in world trade had been used.

2.5 The representative of the Customs Co-operation Council informed the Committee that once the legal texts of the amendments were finalized, the Explanatory Notes would need to be revised and correlation tables between the 1992 and the 1996 versions of the Harmonized System would have to be established. In view of the implications of the HS changes on GATT schedules, the CCC was aware of the importance of preparing the necessary correlation tables promptly. He referred to the use of the Harmonized System as a building block for many UN statistical programmes; the CCC had therefore decided to maintain the integrity of the 4-digit headings of the Harmonized System to the extent possible and not to re-use HS code numbers where there had been a change in the scope of subheadings. He further informed the Committee that there were 68 contracting parties to the Harmonized System Convention and that 109 countries were reportedly using the Harmonized System as a basis for their customs tariffs. In his view, the Uruguay Round activities had greatly contributed to the speed in which countries had accepted the Harmonized System. He noted the excellent co-operation existing between the GATT and the CCC and ensured the Committee that this would continue in the same manner so that the 1996 amendments to the Harmonized System would come into effect as smoothly as possible.

3. Status of implementation of the Harmonized System and ongoing negotiations and submission of documentation related to schedules in Harmonized System

3.1 The Chairman noted that since the last meeting of the Committee, a new Geneva (1992) Protocol had been opened for acceptance on 18 March 1992 which was circulated in document L/6987. Indonesia and the Philippines had respectively annexed their HS schedules to this Protocol on 19 March and 24 August 1992. He pointed out that several countries were in the process of finalizing their negotiations relating to the transposition of their schedules and requested those countries to accelerate the process and to try to annex their HS schedules to the Geneva (1992) Protocol before the end of the year.

3.2 The Chairman referred to the status of implementation of the Harmonized System and to document TAR/W/74/Rev.9. According to information available to the Secretariat, 88 contracting parties - out of the present 105 - had implemented the Harmonized System on 1 January 1992. The situation regarding the status of loose-leaf schedules in the HS nomenclature was, however, very unsatisfactory since only 19 countries - plus the European Communities - had certified HS schedules and among them, only four were complete, i.e. information in all the columns had been transposed. He reminded the Committee members that, until complete schedules were certified, other contracting parties retained the right to challenge the entries in columns 5 to 7 of the schedules. Moreover, as long as no cut-off date was fixed for the supply of the required information, previous GATT legal instruments remained valid sources of information. He added that recently, a few countries had submitted through the procedure of rectification and modification, proposals for entries in the various columns of their schedules but very little progress had been made in this area over the last few months.

3.3 Regarding the ongoing negotiations and the submission of documentation related to the transposition of schedules into the Harmonized System, document TAR/W/67/Rev.12, the Chairman stated that the present situation indicated that 15 countries were under waivers to carry out consultations and negotiations under Article XXVIII after having put into force the Harmonized System. These countries would have to request, before the next session of the CONTRACTING PARTIES, an extension of their waivers until 30 June 1993. Several countries having a schedule of concessions had still to submit the necessary HS documentation or had introduced the Harmonized System without following GATT established procedures. Finally, the Chairman explained that, because of the work being carried out in the context of the Uruguay Round negotiations, it had not been possible for most delegations to address these questions and that, depending on future developments in the negotiations, the Committee would have to set up its work programme for the future.

3.4 The representative of the Commission of the European Communities, referring to document TAR/W/74/Rev.9, noted that a large number of waivers were still pending. Although his delegation had always agreed to the extension of those waivers in the Council, he requested through the Chairman, that the countries concerned expedite their procedures so that their waivers would not become a permanent feature. He was even more surprised to see that one country had implemented the Harmonized System since 1986 and that, despite his delegation insistence, no HS documentation had yet been received.

3.5 The representative of India reported that his country's practice was that GATT bindings were given effect through notification procedures, and since those were still valid, the implementation of the Harmonized System had not affected the bindings. Based on the views expressed by the Committee, his authorities had nevertheless undertaken to transpose the Indian schedule into the Harmonized System and this exercise was in the final stage; it was expected that the necessary documentation would be available for circulation to contracting parties in the very near future.

3.6 The representative of Canada welcomed the information given by the delegation of India and explained that his country was still working at the completion of columns 5 to 7 especially, as concerned the transposition of initial negotiating rights for headings bearing a majority of trade. Draft material had been provided to Canada's trading partners some time ago. While his authorities were studying the reactions received, strains on personnel resources had delayed completion of the work and the submission of the revised pages of the Canadian schedule.

3.7 The representative of Argentina informed the Committee that his country had decided to put into force the Harmonized System on 1 January this year. His delegation would request a waiver at the next Council meeting. The necessary documentation related to the transposition of the Argentine schedule was being finalized and would be circulated to contracting parties in the very near future. He added that, in the course of the transposition, no modification in respect of Argentina's tariff concessions had been made.

4. Status of Schedules of Contracting Parties to the GATT

4.1 The Chairman reported that the Secretariat felt it advisable to circulate a new document (TAR/W/85) giving an up-to-date situation of the GATT Schedules. This document was meant for the information of the Committee members and the GATT contracting parties. Any error or inadequacy contained in the document should be communicated to the Secretariat.

4.2 The representative of Australia considered this document very useful as it consolidated information covering both the HS and pre-HS Schedules; this document highlighted the less than satisfactory state of GATT Schedules. In this context, she emphasized that her delegation was still expecting to receive replies to the comments circulated more than two years ago concerning essentially pre-HS schedules (cf. TAR/W/23/Rev.21).

4. Report of the Committee to the CONTRACTING PARTIES

4.1 The Chairman indicated that since the Committee would hold only this meeting before the last Council of the year, the Secretariat had prepared a draft report to the CONTRACTING PARTIES in document TAR/Spec/8 which summarized the points taken up during this meeting. The draft report was considered by the Committee, paragraph by paragraph, and was approved on the understanding that it would be completed following the discussion which took place at the meeting. The document was subsequently circulated as document TAR/223 and considered by the Council at its meeting of 4 November 1992.

5. Other Business

- Submission of national customs tariffs

5.1 The Chairman referred to document TAR/W/40/Rev.10 and pointed out that since the circulation of the document, the Secretariat had received

recent national tariffs from Argentina, China, Egypt, Indonesia, Myanmar and Uruguay. He explained that the Tariff Division was presently updating and completing its collection of national tariffs and stressed the fact that that not only for the Tariff Division, but for the whole Secretariat, it was important to have access to accurate and current tariff data. He requested those delegations that had not submitted any recent tariff documentation to the Secretariat, to forward to the Tariff Division two copies of the most recent applied customs tariffs in the language available. The Secretariat would be grateful to receive, if possible, a copy of this documentation on informatic support (disquette or tape). If agreeable to the Committee, the Tariff Division would send, to the contracting parties concerned, a letter with a view to obtaining this information. It was so agreed.

6. Date of the next meeting

6.1 The Chairman pointed out that the date of the next meeting would be fixed and in due course in consultation with the members of the Committee.

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Before the conclusion of the meeting, the representative of Argentina explained that this would be the last meeting of the Committee chaired by Mr. de la Peña who would be taking up new functions in Brussels. He therefore expressed, on behalf of the members of the Committee, recognition and thanks for the excellent work done during the four years he chaired the Committee and wished him every success in his future work.