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ON TARIFFS AND TRADE**

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**Committee on Tariff Concessions**

**Minutes of the Meeting Held on 8 June 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 first meeting of the Committee this year, which was convened by GATT/AIR/3589 of 24 May 1994. 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.11 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. It was expected that a number of countries which had finalized their consultations and/or negotiations under Article XXVIII, or were in the process of doing so, would annex their new HS schedules to this Protocol in the near future. This applied to Brazil, India and Turkey. It was hoped that additional countries would be in a position to annex their new 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.11, and according to information available in the Secretariat, only a very few contracting parties had not yet implemented the Harmonized System. She pointed out that while this was encouraging since it was estimated that more than ninety percent of GATT contracting parties' trade was now covered by the Harmonized System, the situation regarding the certification of loose-leaf schedules in the HS nomenclature was very unsatisfactory. At present, out of 84 contracting parties having a GATT schedule, only 25 - plus the European Communities - had HS certified schedules; among them, only twelve schedules were complete, i.e. all the columns had been completed.

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

2.2.1 Referring to document TAR/W/67/Rev. 14, the Chairperson noted that to date sixteen countries which had introduced the Harmonized System had been granted special HS waivers with a view to carrying out consultations and/or negotiations under Article XXVIII. Some of these countries had not submitted the necessary documentation and the others were still in the process of carrying out negotiations related to the transposition of their schedules. In addition, seven countries were under waiver to renegotiate their schedule or part of it, which represented a total of 23 countries under waivers. Considered together, seventeen of these countries had waivers expiring on 30 June or on 31 July 1994 and would have to request an extension which would be examined by the Council at its meeting on 21 June 1994.

2.2.2 Following the agreement of the Committee to the proposal made by its Chairman at the meeting of 6 December 1993 concerning the extension of the waivers, the Secretariat had requested by fax that all countries which needed an extension of their waivers would provide the required factual information. To date, the secretariat had received information from 15 delegations. Delegations which had not yet submitted the information were requested to do so as quickly as possible.

2.2.3 As concerned the report on the Committee's activities to the Council - which had to include the factual information requested from countries concerned on the extension of their waivers, the Chairperson recalled that the Secretariat had prepared a draft Annex to this report, for the consideration of the Committee, summarizing the factual information provided by the members concerned on the extension of their waivers. The report was subsequently finalized and circulated in document TAR/267.

2.2.4 The representative of Uruguay recalled that his country was among those that would require an extension of its waiver until 31 December 1994. Although he had understood that extensions of waivers were generally granted only for a six-month period, his delegation had requested that its waiver be extended until the entry into force of the WTO, at which time the new schedule of Uruguay would also come into effect.

2.2.5 The Chairperson recalled that there were two other countries in the same situation, Egypt and Peru. Since these countries had renegotiated their schedules in the context of the Uruguay Round, she felt that Uruguay's request was legitimate and, unless there was any objection from the Committee members, it should be accepted. In reply to a question raised by the representative of Argentina, the Chairperson explained that the six month extension for HS waivers was normal practice.

2.2.6 The representative of Bangladesh supported the proposal made by Uruguay for the extension of waivers until such time the WTO would come into force, since he foresaw the necessity to extend Bangladesh's waiver beyond 31 December 1994.

2.2.7 The Chairperson explained that this proposal did not apply to Bangladesh's situation which had not renegotiated its schedule in the context of the Uruguay Round.

2.2.8 The representative of Canada reminded the Committee members that under paragraph 7 of the Marrakesh Protocol annexed to the Final Act, only a small number of countries were considered by the participants to the Round as having concluded their Article XXVIII negotiations in the context of the multilateral trade negotiations and that those countries presently under waivers were Egypt, Peru and Uruguay. For these countries, he had no objection that their waivers be extended until the entry into force of the WTO. Furthermore, he noted that two countries, Jamaica and Zaire, had not yet been seeking an extension of their waivers and asked whether the Secretariat had any information on this.

2.2.9 The representative of Australia agreed with Canada that those countries still under waivers and which had solved the problem of their schedules through paragraph 7 of the Marrakesh Protocol should be granted waivers until such time the WTO, and their new schedules, would formally come into effect. This did not apply to the other countries which had not terminated their negotiations and, some of them, still had to present the necessary documentation. She further pointed out that the Committee was expected to review the factual information provided by the countries under waivers, and not to discuss the length of time of the waiver extensions.

2.2.10 The representative of Argentina made it clear that the Committee should only discuss the factual information provided by the various countries under waivers and that substantive issues, like the length of time involved should be left to the Council. He felt that Uruguay's request was reasonable and that it would be logical that it be accepted by the Council. In his view it was not for the Committee to pre-judge in any way the granting of a waiver, which was solely in the power of the Council.

2.2.11 The Chairperson pointed out that the final decision about granting and extending waivers rested with the CONTRACTING PARTIES. In response to the question raised by the representative of Canada, she indicated that the Secretariat was in contact with the two delegations concerned and it expected to receive the necessary information in time to include it in the Annex to the Report.

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

2.3.1 The Chairperson reminded the Committee members that at a recent meeting of the Committee, the representative of the Customs Co-operation Council had informed the Committee that for the past few years, the CCC had undertaken a review of the Harmonized System to keep it up-to-date with the changes in technology and in patterns in international trade. The Customs Co-operation Council at its July 1993 meeting had adopted a Recommendation amending the Nomenclature of the Harmonized System. These amendments represented substantial changes which were to be implemented on 1 January 1996. It had been understood that the CCC would prepare Correlation Tables between the 1992 and 1996 versions of the Harmonized System. The Correlation Tables had subsequently been circulated in the three GATT official languages in document TAR/W/91 on 20 June 1994.

2.3.2 The Chairperson also drew attention to a background note prepared by the Secretariat, at the request of the Committee at its meeting of 20 October 1993, on the introduction of the HS changes and their implication on the GATT schedules. The note, circulated in document TAR/W/89 dated 4 November 1993, made reference to the simplified procedures which had been adopted by the Committee and the Council in 1991 and were contained in document L/6905. According to these procedures, no later than 120 days (four months) after the Correlation Tables had been circulated, "GATT contracting parties shall submit to the Secretariat a notification which includes the pages of their loose-leaf schedules containing the proposed changes as well as the relevant information necessary to carry out Article XXVIII negotiations when concessions are affected by the changes". Members were reminded that all the necessary documentation needed to be circulated and possible renegotiations under Article XXVIII carried out before the introduction of the changes on 1 January 1996. It was therefore expected that

the whole of 1995 would be dedicated to the work related to the transposition of the schedules. The Chairperson added that it should also be borne in mind that the proposed changes would equally affect the Uruguay Round Schedules annexed to the Marrakesh Protocol and, for some countries, it would be advisable to proceed, as a first step, to a consolidation of all the concessions granted into one single schedule prepared in loose-leaf format.

2.3.3 The representative of the Customs Co-operation Council (Mr. Kusahara) informed the Committee that the Harmonized System was applied by over 120 countries, of which 75 were Contracting Parties to the HS Convention. He recalled that the Customs Co-operation Council was responsible for the administration and maintenance of the HS Convention. He pointed out that if the HS was not updated and maintained properly, the System would become out of date and would create difficulties because of the continuing emergence of new products on the market and rapid changes in trade patterns. For this reason, the CCC was updating and amending the HS from time to time - every 4 to 5 years - having regard to the development of technology, changes in patterns of international trade or other needs of users. Since its entry into force in 1988, the Harmonized System had been amended in 1992 and the 1992 version of the HS was now in force. Moreover, the Customs Co-operation Council had adopted a new Recommendation concerning the amendment of the HS in July 1993. This Recommendation had been notified to all Contracting Parties and other CCC Members and, in 1994, it became clear that all the amendments except a few had been accepted by the Contracting Parties. Therefore, the amendments would come into force on 1 January 1996. He explained that these amendments, unlike the previous 1992 amendments, were more extensive and substantial. More than ten percent of the HS 6-digit subheadings (in other words about 600 subheadings out of a total of 5000 subheadings) were affected by these amendments and their scope was altered. He further pointed out that although the amendments were extensive, most of them were rather straightforward and would not require, in his view, complicated tariff adjustments. As indicated in the GATT "Procedures to Implement Changes in the HS" (document L/6905) the CCC was requested to advise on HS changes and provide Correlation Tables to the GATT Secretariat, which had been done. There were two different correlation tables: Table I and Table II. Table I represented the correlation from the 1996 to the 1992 version and Table II vice versa. Table II contained remarks explaining what products had been transferred within the HS. These remarks were intended to facilitate the tariff transposition work as well as the GATT Article XXVIII procedures. He indicated that although these tables had been examined and adopted by the CCC HS Committee, they had to be considered only as a guide published by the Secretariat and did not constitute formal classification by the HS Committee. Moreover, where the existence of different classification practices had been noted, these were indicated in the tables. In addition to the correlation tables, the CCC intended to publish a brochure explaining the reasons, nature and consequences of the 1996 amendments; in his view, this brochure would also facilitate the GATT Article XXVIII procedures. Mr. Kusahara added that the CCC was prepared to give technical assistance in the area of HS covering preparatory work for the implementation of the HS amendments and tariff transposition to those countries that would request it. He finally encouraged the GATT contracting parties to initiate and complete the necessary procedures as soon as possible so that the HS amendments could be implemented on 1 January 1996.

2.3.4 The representative of Australia thanked the representative of the Customs Co-operation Council for the information on the amendments to the Harmonized System which were coming into force on 1 January 1996. Under the previous agenda item, the Committee had seen the amount of work that remained to be done - in terms of completing schedules and concluding Article XXVIII negotiations. The process the Committee was going to commence was important as well as complex, particularly when the amendments covered about 10 per cent of the Harmonized System, and these procedures had to be initiated and completed as soon as possible. In view of this, it was important for the Committee to try and improve the current situation. In order to meet the implementation target date of 1 January 1996, work would have to start in 1994. The status of contracting parties' schedules differed enormously. A number of countries did not have GATT schedules, some existing GATT

schedules were incomplete, some had used the Uruguay Round to either create for the first time a GATT 1994 Schedule or, as was the case of Australia, to make significant changes to their GATT schedules. It was in this connection that her delegation wondered as to which schedule should be used as a basis for the work to be undertaken for the purposes of the 1996 HS amendments.

2.3.5 The Chairperson replied that those countries which had completed the work related to the 1992 HS changes would use those schedules to incorporate the 1996 HS changes. However, for those countries which had not yet concluded this work, the answer was less clear. In this regard, the factual information given to the Committee with respect to the requests for extensions of waivers would be useful. In addition, due to the existence of Uruguay Round Schedules, the situation had become further complicated. It would, nevertheless, be her understanding that the 1996 HS exercise would be based on both concessions given prior to the Uruguay Round and those given during the Uruguay Round.

2.3.6 The representative of the European Communities thanked the CCC representative for the correlation tables which were going to be very useful for the Committee's future work, especially as they showed which product was being transposed from one heading to another. He understood that it was a reference document and did not constitute formal classification decisions by the Harmonized Systems Committee. In his view, the tariff rates contained in the pre-Uruguay Round schedules (some of which were reduced during the Uruguay Round or were already low or free), would have to be incorporated into what was referred to as the consolidated loose-leaf schedules. This meant that on 1 January 1996, the schedules should contain all the concessions expressed in the 1996 HS version, with the references to other duties and charges, the initial negotiating rights (INRs) and the historic rights. In this regard, there were many INRs of a historic nature which were given on pre-HS and even pre-CCC nomenclatures which needed to be reflected in the schedules. He believed that the Understanding on the Interpretation of Article II:1(b) of GATT elaborated during the Uruguay Round would be of use in achieving that objective. All of the above implied "getting the house in order" by the end of 1994. In that connection, outstanding points on schedules would have to be resolved including the question of waivers.

2.3.7 In response to a question raised by the Chairperson, the representative of the CCC said that technical assistance was also available for those countries which had not completed the transposition to the 1992 HS version. He added that the 1996 amendments were extensive, but only in terms of volume, because 10 per cent of the sub-headings were affected. Most of the amendments would not require, in his view, complicated tariff adjustments, just the transposition of the existing rate to the new position. The 1996 HS amendments were going to enter into force on 1 January 1996, and the contracting parties to the HS Convention had to apply the 1996 HS version as of that date. Furthermore, the 1996 HS version already included the 1992 HS version.

2.3.8 The Chairperson pointed out that if the World Trade Organization (WTO) came into effect on 1 January 1995, countries would still be using the 1992 HS version. Since the 1996 HS version would become effective on 1 January 1996, the groundwork for its application should be completed in 1995.

2.3.9 The representative of Australia felt that the discussion should focus on how to do this work and in what order. Her earlier question had been directed at trying to stimulate such a discussion. Her delegation doubted that it could within 120 days of the receipt of the correlation tables, do the necessary paperwork, initiate and conclude the process, including Article XVIII negotiations. In particular, as this process had to be undertaken for both pre-Uruguay Round and Uruguay Round schedules. In this respect, the Community had suggested a linkage between the necessary consolidation exercise of pre-Uruguay Round and Uruguay Round loose-leaf schedules of commitments. In an attempt to simplify the process, she suggested that the Committee could perhaps examine the possibilities to organize first the consolidation of schedules up to the end of 1994, and then in 1995 undertake the

transposition exercise of the 1996 HS version on the basis of one single schedule. She reiterated her delegation's doubts that it could, within 120 days of receipt of the correlation tables, complete the necessary procedures on two schedules, including one which would only enter into force in 1995.

2.3.10 The representative from the Secretariat said that during the 120-day period following the circulation of the correlation tables, contracting parties would concentrate on the preparation of the necessary documentation. They would only need to begin, carry out and conclude Article XXVIII negotiations thereafter and not during the 120-day period. In fact, her expectation was that the whole of 1995 would be dedicated, where necessary, to the Article XXVIII negotiations on the transposition of the schedules into the 1996 HS version. For those countries which had submitted a consolidated schedule in the framework of the Uruguay Round, it was clear that it was that schedule that would need to be modified.

2.3.11 The representative of Argentina stated that the doubts raised by the representative of Australia were reasonable. In his view, it would be difficult to work in 1994 on the basis of Uruguay Round Schedules which had not yet entered into force. In fact, there was no guarantee that these Schedules would ever enter into force. With respect to other duties and charges, he shared the views expressed by the representative of the European Communities that these duties should be reflected in the schedules as soon as possible. However, in practical and legal terms there were certain steps in the process which could not be avoided. He felt that 1994 should be used to solve any pending issues related to pre-Uruguay Round schedules and, in parallel, the necessary internal work to modify the national schedules could be started.

2.3.12 The representative of the European Communities stated that 1994 should be used to achieve two objectives: first to "get the house in order" as concerned the pre-Uruguay Round Schedules and second to prepare the necessary documentation for the 1996 HS transposition exercise. The whole of 1995 would have to be used to undertake and complete Article XXVIII negotiations, where necessary, so that all schedules would be certified and ready for implementation on 1 January 1996. The EC Uruguay Round Schedule was a comprehensive one, but nevertheless items which were for instance already at a zero rate were not reflected in this Schedule. However, the EC intended to prepare a revised consolidated schedule incorporating all the concessions granted. For those countries which had concessions already existing at rates lower than the ceiling binding level offered during the Uruguay Round, it was understood that these concessions would be incorporated into a revised schedule which would be the basis for the 1996 HS transposition exercise.

2.3.13 The representative of Brazil shared the views expressed by the representative of Argentina about the legal difficulty of using as a basis for the HS 1996 transposition exercise the Uruguay Round schedules that had not yet been ratified by Parliament. Under these circumstances, it would not be possible to follow the procedures that had been established by this Committee to introduce HS amendments. As explained by the CCC representative the difference between the 1992 and 1996 HS system might require a much greater number of amendments and the 120-day period appeared not to be sufficient. He agreed that 1994 should be used by countries to conclude and finish work on pre-Uruguay Round schedules. Thus in 1995, assuming that the Uruguay Round schedules would have been ratified, two exercises could be undertaken: the establishment of a consolidated loose-leaf schedule and on that basis the 1996 HS transposition exercise.

2.3.14 In response to a question from the Chairperson, the representative of Brazil stated that Brazil had completed the transposition of its Schedule III into HS. The schedule submitted in the Uruguay Round context already incorporated the pre-Uruguay Round concessions except for a number of items which were under Article XXVIII negotiations. So, from a practical perspective Brazil could begin the 1996 HS transposition exercise. However, the problem was more of a legal nature as his administration would not be able to work on a schedule that had not been approved by Parliament.

2.3.15 The representative of Australia welcomed the clarifications that had been provided and proposed the drawing up of general guidelines. Schedules of contracting parties were at different stages, but for the purpose of bringing together the consolidation and the 1996 HS transposition processes (which would begin with the circulation of the correlation tables), it would be useful to have a general guide on the steps that needed to be taken and the time-frame. In this manner contracting parties, while in varying situations with respect to their schedules, would nevertheless be in a position to know what they had to do during the next 18 months.

2.3.16 The representative of Korea referred to the concern expressed by the representative of Brazil about undertaking work on the basis of the Uruguay Round schedules which had not yet been ratified by Parliament, and which consequently had no legal status. Nevertheless, countries had to prepare themselves for Article XXVIII negotiations to take account of the 1996 HS changes. His government, however, would not face such a problem. Concessions given during the Uruguay Round had already been agreed upon, and the transposition exercise, in the view of his government, was merely a technical task. So, ratification of the Uruguay Round Schedule was not a prerequisite to undertake the technical work related to the transposition from the 1992 HS version to the 1996 version. Anyway, regardless of the situation with respect to Schedules, the CCC would be implementing the amended HS version on 1 January 1996. He hoped that countries would complete the necessary consolidation work on their pre-Uruguay Round schedules in 1994, and that next year work could be undertaken on the basis of the Uruguay Round schedules.

2.3.17 The representative of Mexico agreed with a number of previous speakers that there would be some difficulty in working during the current year on the 1996 HS changes on the basis of schedules which would only come into force in 1995. It would be a problem for his delegation to submit, within 120-days of the circulation of the correlation tables, the documentation necessary for the 1996 HS transposition exercise. Consequently, he was of the view that 1994 should be used to conclude the transposition process currently under way on pre-Uruguay Round schedules, and in 1995 work should concentrate, on the basis of the Uruguay Round schedules, on the 1996 HS transposition.

2.3.18 The representative of Hong Kong stated that two opinions seemed to exist on the matter under consideration. The first was that the pre-Uruguay Round and the Uruguay Round concessions would be treated as two different exercises. The second opinion was, as proposed by the European Communities, to consolidate all the concessions before the 1996 HS transposition exercise was launched. In view of the shortage of time, a common view should be reached on the way the Committee should proceed on this matter. For this reason, he favoured having some guidelines on the steps to be taken.

2.3.19 The Chairperson said that document L/6905 already set out the procedures relating to the implementation of the 1992 HS changes, which were adopted by the Committee of Tariff Concessions on 21 May 1991. The question presently under consideration was whether the Committee should follow the same procedures for the introduction of the 1996 HS changes. In addition, the point was raised that perhaps the 120-day period envisaged in these procedures would not be sufficient for the purposes of the 1996 HS transposition exercise.

2.3.20 The representative of Australia said that document L/6905 contained good detailed procedures on what should happen before and after the 120-day period and she did not propose to change them. Her suggestion had been to draw up some guidelines or a general kind of time-frame which would be based on when the 120-day period began, and other objectives that the Committee intended to meet in 1994 and 1995. In this manner, countries could apply these guidelines to their own circumstances and attempt to reach a common objective of having on 1 January 1996 a schedule which incorporated the 1996 HS amendments. The ideas put forward by the representatives of Argentina and the European Communities were a good basis for a common approach and could perhaps be laid out in simple terms. She was, however, not proposing to alter or amend the 120-day period, which was a given part of

the process. It would be interesting to examine what steps needed to be taken before and after the 120-day period.

2.3.21 The representative of the European Communities added that document L/6905 had been written with the 1996 HS amendments in mind. The procedures elaborated in this document had been tested on the 1992 HS changes, which were essentially small in nature and not problematic. The issue that needed to be addressed now was basically which schedule should be used as a basis for the 1996 HS transposition exercise. His delegation felt that the Uruguay Round schedules should be used, but this would apparently create problems for countries like Brazil. Nevertheless, he did not see why work could not go ahead pending a resolution of the problem.

2.3.22 The representative of Argentina said that from the discussion, it appeared that everyone had agreed that the transposition exercise needed to be undertaken on the Uruguay Round schedules, otherwise complications would arise. However, as indicated by Brazil, there might be problems associated with working on a schedule that did not have any legal status. As stated by the representative of Australia, the basic problem was now to determine when the 120-day period started. Work could start following the distribution of the correlation tables, but no country could be requested to modify a schedule that was not legally in force. This would only come about following the ratification of the Final Act of the Uruguay Round. So if this understanding existed, the Committee could begin work following the distribution of the correlation tables.

2.3.23 The Chairperson supposed that Argentina's case was unique in that Argentina had not yet completed the 1992 transposition exercise. However, it was her understanding that a transposition exercise could be undertaken without the schedule having a legal basis. The changes could be introduced to the schedule and subsequently submitted to Congress for approval; this was a technical question and not a legal problem.

2.3.24 The representative of Argentina replied that the problem was knowing the basis on which the 1996 transposition exercise would have to be undertaken. He stressed that the problem was linked to the difficulty in modifying the Uruguay Round Schedule when it had not yet been approved by Parliament.

2.3.25 The Chairperson said that there had been several points raised in the discussion. First with respect to timing, document L/6905 indicated that after the circulation of both a communication concerning the acceptance by the CCC of a recommendation to revise the HS nomenclature and the correlation tables prepared by the CCC, the 120-day period would start. Her understanding was that the correlation tables would be circulated on 20 June 1994 and the 120-day period would start from that date. However, another issue, linked to the previous point, was that the work during the 120-day period could not be carried out and changes could not be incorporated into schedules not yet approved by the relevant legislative body. However, she wondered whether these schedules could not be prepared or modified, as the case may be, prior to submission to the legislature for final approval?

2.3.26 The representative from Argentina agreed that for those countries which had incorporated pre-Uruguay Round concessions into their Uruguay Round Schedules, it might be more reasonable to carry out the 1996 transposition exercise on the basis of the Uruguay Round schedule. For other countries, it would be practical to spend 1994 tidying up their pre-Uruguay Round schedules, so that by the beginning of 1995, they could undertake the 1996 transposition exercise on the basis of these schedules. Otherwise, the exercise would have to be conducted in two distinct phases: first on the basis of the pre-Uruguay Round schedules and subsequently on the basis of the Uruguay Round schedules, which would complicate matters.

2.3.27 The representative of Australia suggested that the Secretariat prepare a paper outlining the steps which would be needed to bring a number of contracting parties to the stage where they could undertake the HS transposition exercise. Then, when the 120-day period began with the circulation of the correlation tables, countries could examine what would be required of them. However, before the end of the 120-day period during which contracting parties were required to submit documentation it would be useful to convene a meeting of this Committee and take stock of the situation. The Committee, may have to adopt a flexible approach, and decide to delay the transposition exercise until 1 January 1995 by when hopefully the Final Act of the Uruguay Round had been ratified. In this manner contracting parties would not be in the awkward position of working on the basis of a Schedule, which has not been domestically approved. The internal examination process should start in 1994. While the 120-day period should apply in principle, a reasonable extension of that period could be envisaged, if necessary. Thus, the relevant notification linked to the 1996 HS transposition exercise could take place at the beginning of 1995, assuming that the Uruguay Round Schedule would have legal effect by then.

2.3.28 The representative of Brazil said that for the 1996 HS changes, his Government would prefer to work on the basis of the Uruguay Round schedule. However, this could not be done if the 120-day period began at the time of the circulation of the correlation tables, i.e. 20 June 1994. The suggestion, put forward by the representative of Australia, appeared to be a good one in that while it was not necessary to amend formally the procedures set out in document L/6905, the time-limit for the submission of the documentation could be considered with flexibility and, in practice, countries could be submitting their HS documentation at the beginning of 1995.

2.3.29 The representative of Canada pointed out that although the procedures contained in document L/6905 had been drafted with a view to the proposed HS changes, the time-limit of 120 days for the submission of the documentation were perhaps optimistic and he agreed that they should be looked at with a certain flexibility.

2.3.30 The Chairperson thought that it would be unavoidable to work both on pre and post Uruguay Round schedules since, for many countries, the Uruguay Round schedules did not include all concessions. She suggested that the work should start as soon as possible.

2.3.31 The representative of Hong Kong requested how, in case the exercise on pre-Uruguay Round schedules had to be carried out, the tariff impact would be assessed ? Would it be assessed on the basis of the UR negotiations or not?

2.3.32 The Chairperson said that, in principle, the assessment of the tariff impact would be based on the post UR commitments. For those countries which had not included their previous commitments into their UR schedules the assessment would be made at two different levels.

2.3.33 The representative of Australia said that the issue raised by the delegate of Hong Kong related to a number of questions needed consideration when consolidating schedules. It might be useful to draw up a list of issues which could be circulated to delegations. This matter could be discussed further at another meeting.

2.3.34 The representative of Korea found the comments made by Hong Kong very interesting because Korea's negotiations had been carried out on the basis of 1988, 1989 and 1990 statistics and the Article XXVIII negotiations that might possibly take place for the transposition of HS 1996 would be on the basis of new trade data. He suggested that statistics from 1991, 1992 and 1993 could be used to analyze the tariff impact of the changes.

2.3.35 The Chairperson confirmed that the Secretariat should look into the various matters that had been raised during the discussions, draw up a list of those issues and suggest which base year should be used for the purpose of possible renegotiations.

2.3.36 The representative of the European Communities referring to the various comments made stressed that what mattered was to make the necessary changes in the nomenclature to the schedule that would be in force in 1996. The trade impact was not so important as long as no change in duty rates would be made. If, for technical reasons, adjustments were necessary, they should have no trade impact and the provisions of Article XXVIII would apply. In his view, it was necessary to transpose simply the bound rates from pre to the post 1996 nomenclature.

2.3.37 The representative of the Customs Co-operation Council said that he had understood that the 120 days after the circulation by the GATT Secretariat of the correlation tables represented the time-limit for the presentation of the documentation and that, if the Committee would decide to prolong this period, it would mean that countries would have only a little bit more than one year before the implementation of the HS 1996 version. He added that before implementing the schedules based on the 1996 HS version, it should not be forgotten that most countries would have to present them to their parliaments. This process might take some time and therefore, some months should be deducted before 1 January 1996. Article XXVIII negotiations would need to be completed some time before the end of 1995, otherwise some countries would not be able to implement the HS 1996 in time.

2.3.38 The Chairperson suggested to take note of the statements made by various delegations on this subject and expected the Secretariat to look into the matter which would be included again in the agenda of the next Committee's meeting.

### 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 new editions of their national tariffs and, consequently, had updated document TAR/W/40 with Revision 12. She urged delegations to check the information contained in the document and requested those that had not done so yet, to make every effort to provide the Secretariat with a copy of their most recent tariff.

#### 3.2 Date of next meeting

3.2.1 The Chairperson stated that while the Committee could meet at any time considered necessary by its members, she expected that the next meeting would take place after the summer break but before mid-October, at an exact date to be fixed in consultation with the Committee members, in order to review the situation. She added that, if considered necessary, informal consultations could be held with interested countries in the coming weeks concerning the steps to be taken in view of the HS 1996 changes.

The meeting was so concluded.