

GENERAL AGREEMENT ON

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TARIFFS AND TRADE

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Committee on Tariff Concessions

DRAFT REPORT OF THE COMMITTEE ON TARIFF CONCESSIONS
TO THE CONTRACTING PARTIES

1. The Committee on Tariff Concessions, under the Chairmanship of Mr. A. de la Peña (Mexico), held three formal meetings in 1991: on 21 May, on 31 July and on 20 November; it also held two informal meetings on 18 June and 10 July 1991.

2. The Committee pursued its activities related to the introduction of the Harmonized Commodity Description and Coding System (Harmonized System) and the transposition of the contracting parties' schedules of tariff concessions into the HS nomenclature. The Committee noted that since the introduction of the Harmonized System on 1 January 1988, about seventy countries adopted the Harmonized System covering thus more than 90 per cent of world trade; however, only eighteen schedules in HS nomenclature had to date been annexed to a Protocol. Fourteen contracting parties have requested a waiver from their obligations under Article II in order to implement the Harmonized System and carry out the necessary consultations and negotiations under Article XXVIII subsequently. Most of these countries have submitted the necessary documentation and are presently finalizing their HS schedules. The Committee also noted that several contracting parties had introduced the Harmonized System without following the GATT procedures established to this effect (see Annex).

3. The Committee also examined issues related to the transposition of information and the completion of some columns in the HS schedules (i.e. column 5 "existing initial negotiating rights", column 6 "date when a concession was first granted" and column 7 "historical INRs"). Because of the intensive work related to the Uruguay Round multilateral negotiations, very little progress has been achieved in this area. For this same reason, no progress has been made towards obtaining the approval by the contracting parties of additional pre-HS schedules.

4. During the period under review, the Committee worked on the preparation of special and simplified procedures to be followed by GATT contracting parties which are also contracting parties to the International Convention on the Harmonized System, in order to incorporate in their GATT schedules the changes in the Harmonized System which will come into force on 1 January 1992 and any subsequent changes that might be introduced in the future. In collaboration with the Customs Co-operation Council, concordance tables between the 1988 and 1992 versions of the Harmonized System, as well as technical guidelines, were prepared and circulated to the members of the Committee.

5. The text of the procedures was approved by the Committee at its meeting of 31 July and adopted by the Council of Representatives on 8 October 1991 (document L/6905). The procedures, based on the "Procedures for Modification and Rectification of Schedules of Tariff Concessions" (BISD 27S/25), envisage that "no later than 120 days after the circulation by the GATT secretariat of both a communication concerning the acceptance by the CCC of a recommendation to revise the HS nomenclature made in accordance with Article 16 of the HS Convention, and the correlation tables prepared by the CCC secretariat, GATT contracting parties shall submit to the secretariat a notification which includes the pages of their schedules of concessions containing the proposed changes and indicating more specifically the changes which alter the scope of the concession and which could be subject to Article XXVIII renegotiations". The changes, once approved, will be certified according to the existing GATT legal provisions.

6. At its meeting of 20 November 1991 the Chairman of the Committee noted with concern that only [six] countries had to date submitted the documentation required under the procedures. [This paragraph will be completed in the light of the discussion of the Committee meeting of 20 November 1991].

ANNEX

List of contracting parties which have a GATT schedule and which have implemented the Harmonized System without having followed GATT procedures:

| <u>Country</u> | <u>Date of Introduction of HS</u> |
|---------------------------|---|
| Cuba ¹ | 1.1.1991 |
| Haiti | 1.1.1990 |
| Iceland ¹ | 1.1.1988 |
| India | 28.2.1986 |
| Madagascar | 1.1.1988 |
| Malawi | 1.4.1989 |
| Nigeria | 15.3.1988 |
| South Africa ¹ | 1.1.1988 |
| Venezuela | 31.3.1990 |
| Zambia | 1.1.1988 |

¹HS documentation submitted, but HS schedule not yet certified.