REPORT BY THE VICE-CHAIRMAN OF THE COMMITTEE
ON TARIFF CONCESSIONS TO THE COUNCIL
ON 6 NOVEMBER 1986

1. The Committee on Tariff Concessions has held four formal meetings since
it last reported to the Council: on 11 December 1985, on 14 February 1986,
on 28 April 1986 and recently on 3 October 1986. In addition, the Committee
has held several informal meetings.

2. The activities of the Committee during the reporting period have mainly
related to the introduction of the Harmonized System and the Article XXVIII
negotiations to be carried out in this respect.

3. At the beginning of the year, following consultations between the
Chairman and members of the Committee, interested contracting parties came to
the conclusion that the date of 1 January 1987 foreseen for the entry into
force of the Harmonized System was no longer feasible and that 1 January 1988
would be a more realistic date. Moreover, they recognized that in order to
meet this new date, the necessary Article XXVIII negotiations between them
would have to be carried out as expeditiously as possible, leaving enough
time for national ratification procedures. To this effect, eleven
contracting parties have to date submitted the required documentation for
these negotiations, some of which are very voluminous indeed. Intensive
negotiations are presently under way and it is expected that some countries
will have concluded their negotiations before the end of the year.

4. The common data base, which has been established for the Article XXVIII
negotiations, is operational and the five delegations which participate in
the exercise have exchanged their information on magnetic tape. The data
base is also being used by the secretariat to provide information to
developing countries and help them assess the effects of the tariff
conversions on products of interest to them. Discussions are taking place
in the Committee on the future development of the data base in the context of
the upcoming multilateral trade negotiations. Delegations felt that the
data base, together with the Tariff Study files, would be an essential tool
in the negotiations and that both developed and developing contracting
parties should make an effort to provide information on a computerized form
and participate in either of the exercises. Delegations also gave
consideration to the coverage of the information to be included in the data
base. It was felt that the information recorded should not be restricted to
tariffs but should also cover non-tariff measures and, possibly, other
measures related to market access.
5. The question of the legal instrument containing the results of the Harmonized System Article XXVIII negotiations to be issued at the end of the negotiations has been examined and discussed thoroughly at the various meetings of the Committee. There is now a consensus on the use of the Protocol approach for the publication of the results of the Harmonized System negotiations. A preliminary text of the Protocol has already been examined by the Committee and substantive progress has been achieved, but more work is needed on the drafting of some provisions contained in the Protocol.

6. Discussions took place in the Committee on a proposal submitted by Switzerland on the definition of supplier's rights, granting negotiating rights to suppliers of small exporting countries through the calculation of the highest level of exports per head of population to a given country. Divergent views were expressed both in relation to the proper forum to discuss this issue and the advisability of using the Harmonized System exercise to test such a proposal. This item will be kept on the agenda of future meetings of the Committee.

7. In connection with the presentation of loose-leaf schedules in Harmonized System nomenclature, the problem of initial negotiating rights (INRs) - both existing and historical - has also been taken up at various meetings of the Committee. An agreement was reached some years ago concerning historical INRs, to the effect that these would be maintained only if requested on a bilateral basis. As far as the treatment of existing INRs in the new Harmonized System schedules is concerned, no decision has been taken and discussions will continue in the Committee.

8. At the Council meeting of 17 June 1986, following a request submitted by a country under Article XXVIII:4 in order to be allowed to renegotiate its schedule in view of the introduction of the Harmonized System, one delegation suggested that a general decision should be taken to allow countries which have not reserved their rights under Article XXVIII:5 to renegotiate their schedules. The Committee was requested to examine this question and to report back to the Council. At its October meeting, the Committee considered this issue and came to the conclusion that there was no need for a general decision because countries were always free to present requests to the Council.

9. In 1985, contracting parties were invited to submit for certification any rectifications or modifications to their schedules for inclusion into the Sixth Certification of Changes to Schedules. Several notifications have been received in the course of the year but because of various problems encountered by delegations, notifications were submitted late and it is now expected that the Sixth Certification can be finalized next spring.

10. Another issue discussed in the Tariff Committee relates to the decision of the Council of 26 March 1980 on the introduction of a loose-leaf system for the schedules of tariff concessions (BISD 27S/22). In its paragraph 8 the decision provides that earlier schedules and negotiating records will remain proper sources for interpreting tariff concessions until 1 January 1987. This date was chosen on the premise that contracting parties submit consolidated schedules of concessions not later than 30 September 1980, as indicated in paragraph 3 of the above-noted decision. However, the submission and subsequent certification of loose-leaf schedules
has taken substantially more time than originally anticipated. Out of a total of sixty-three existing GATT schedules, only thirty-nine have so far been submitted in loose-leaf form and of these thirty-nine, only ten have been approved and are ready for certification. It is therefore obvious that the date of 1 January 1987 is not any more realistic. In view of this and furthermore in view of the complexity of the negotiations under Article XXVIII in connection with the introduction of the Harmonized System, which are presently being conducted, the Committee on Tariff Concessions at its last meeting agreed to request the Council to change the wording of paragraph 8 of the decision of 26 March 1980 from "until 1 January 1987" to read "until a date to be established by the Council".

11. In conclusion, important activities related to Article XXVIII and the introduction of the Harmonized System are going on in the Committee on Tariff Concessions and it is expected that the next year will be equally busy if not more so, especially if interested delegations are to respect the commitment taken in connection with the implementation of the Harmonized System on 1 January 1988.