GENERAL AGREEMENT ON TARIFFS AND TRADE

Committee on Tariff Concessions

DRAFT REPORT OF THE COMMITTEE ON TARIFF CONCESSIONS TO THE COUNCIL

1. Since it last reported to the Council, the Committee on Tariff Concessions has held two meetings: on 11 May and on 10 October 1988 under the chairmanship of Mr. James H. Lau (Hong Kong). In addition, it held two informal meetings to discuss a number of more technical questions relating to the loose-leaf schedules of contracting parties.

2. The Committee pursued its activities related to the introduction of the Harmonized Commodity Description and Coding System (Harmonized System) concerning the status of implementation of the Harmonized System, the preparation of HS documentation, the conduct of Article XXVIII negotiations and the establishment of HS schedules in loose-leaf format for annexation to a protocol. The Committee also examined issues concerning the completion of missing information in HS schedules annexed to the Geneva (1987) Protocols.

3. On 1 January 1988, the Harmonized System officially entered into force. On that date and also later in the year, a large number of GATT contracting parties implemented this new nomenclature. In addition to the delegations which had annexed new tariff schedules in the nomenclature of the Harmonized System to the three Geneva (1987) Protocols, several contracting parties obtained a waiver from their obligations under Article II of the GATT in order to be able to implement the Harmonized System and carry out the required Article XXVIII negotiations subsequently. On 1 January 1989 when further countries are expected to introduce the Harmonized System, more than 90 per cent of the trade of all contracting parties will be covered by the Harmonized System nomenclature.

4. In view of the introduction of the Harmonized System and following Article XXVIII negotiations carried out in this context by a large number of contracting parties, the Committee found it necessary to prepare and approve the text of a decision concerning the treatment of floating initial negotiating rights resulting from this new series of negotiations. This decision corresponds to similar ones that were taken at the end of the Kennedy and Tokyo Rounds. This decision was subsequently adopted by the Council at its meeting of 15-16 June 1988.

5. In June 1988, it has been necessary to open a new Geneva (1988) Protocol for the countries which would be ready to annex their HS schedules in the course of this year. The contents of the protocol are

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similar to the three Geneva (1987) Protocols, except for the time-limits concerning the annexation of schedules. Participants are able to annex their Schedules at any time until 31 December 1988 and the Protocol is also open for acceptance until that date, the date of entry into force being the date of acceptance. One contracting party has already annexed its new schedule to the Geneva (1988) Protocol on 29 June 1988 and other countries are expected to follow later this year.

6. In view of the time constraint and the complexity of some negotiations on both existing and historical initial negotiating rights (INRs), it has been agreed in the Committee that the outstanding information needed for the completion of the HS Schedules, to be prepared in accordance with the requirements of the Loose-Leaf System, would be furnished at a later stage. In this context, the Committee has examined in formal and informal meetings various legal and technical problems. Delegations have agreed to continue bilateral negotiations in relation to initial negotiating rights with a view to finalizing these at the end of 1988, discussions also took place concerning the information on the time when specific tariff concessions were first incorporated in a GATT Schedule; this question has considerable importance in the context of Article II:1(b) of the GATT relating to the levy of other duties and charges, a matter which is also on the agenda in the Negotiating Group on GATT Articles. Further discussion and consultations among members of the Committee will be necessary to find a solution to this problem.

7. The Committee pursued its efforts towards obtaining approved consolidated tariff schedules in loose-leaf form from as many countries as possible. Out of the sixty-one contracting parties having GATT schedules (the twelve member States of the European Communities having one common schedule), to date forty-two schedules have been circulated according to the loose-leaf system requirements and fourteen have so far been approved. Some of these are included in the Sixth Certification of Schedules which has recently entered into force, whereas subsequently-approved schedules will be certified on an individual basis.