Committee on Tariff Concessions

Draft Minutes of the Meeting held in the Centre William Rappard on 20 May 1985

Chairman: Mr. A. Satuli (Finland)

1. Adoption of the Agenda
2. Submission of Loose-Leaf Schedules
3. Harmonized System and GATT Concessions
   - Article XXVIII Negotiations
   - Common Data Base
4. Sixth Certification of Changes to Schedules
5. Implementation of MTN Tariff Concessions
6. Other Business
7. Date of Next Meeting

On behalf of the Committee, Mr. A. Satuli, the newly-appointed Chairman, thanked Mr. W. Lavorel (United States) and Mr. D. Bondad (Philippines), former Chairman and Vice-Chairman respectively, for the work they had carried out in the framework of the Committee.

1. Adoption of the Agenda (GATT/AIR/2150)

1.1 The Chairman welcomed the participants to the fifteenth meeting of the Committee and called their attention to GATT/AIR/2150 containing the agenda and the list of documents for the meeting.

1.2 The representative of Japan requested to make a statement under "Other Business" concerning the question of the application of Article XXVIII to new products in the high technology area such as Digital Audio Disc Players (DADs).
1.3 The agenda was adopted with the above addition.

2. Submission of Loose-Leaf Schedules (TAR/W/23/Rev.11)

2.1 The Chairman recalled that under this item, it was customary to take stock of the situation regarding the submission of schedules in loose-leaf form. As could be seen from document TAR/W/23/Rev.11, which had been brought up-to-date by the secretariat in early May, there were 35 schedules available in loose-leaf form, out of 62 countries that had a schedule. In addition, the secretariat had very recently received the loose-leaf schedule of Australia which would be circulated with document TAR/113. In connection with the loose-leaf exercise, the Chairman added that although the often limited resources in capitals were presently fully concentrating on the Harmonized System, it had nevertheless clearly emerged from the informal meetings on the Harmonized System that the loose-leaf schedules - as basic documents for the Article XXVIII negotiations - would be extremely useful, if not outright necessary. He also urged delegations once more to pursue the work in capitals towards the preparation of their loose-leaf schedules and/or the verification of other countries' schedules. He made a special plea to those countries which had been requested to react to communications sent by the secretariat concerning the circulation of their loose-leaf schedules; in a number of cases those schedules had been prepared by the secretariat, but due to lack of a reaction from the countries concerned, they had not yet been circulated.

2.2 The representative of Australia confirmed that her delegation had submitted its consolidated schedule for certification, prepared in loose-leaf
format, to the secretariat for circulation to contracting parties. While her delegation had hoped to conclude Article XXVIII negotiations prior to submission of the schedule, action had been taken to do so now in order to facilitate the Harmonized System negotiations. The schedule incorporated the outcome of bilateral negotiations concluded with about thirteen contracting parties which had a direct interest in the Australian schedule. Her delegation was hoping that contracting parties would not see a need to enter reservations in respect of this schedule.

2.3 The representative of Spain pointed out that, as indicated in document TAR/W/23/Rev.11, Spain had submitted its schedule of tariff concessions in loose-leaf form with documents TAR/61 and TAR/68. Several contracting parties had made comments and, consequently, his authorities had realized that some mistakes had been made. Because of the importance of the loose-leaf schedules, not only in connection with the Harmonized System but for other purposes, his authorities had decided to prepare a revision of the Spanish loose-leaf schedule, taking into account comments and suggestions made by other delegations. Considerable progress had already been achieved in this respect and, as soon as the work was terminated, his delegation would submit a revised version of the Spanish loose-leaf schedule to the secretariat.

2.4 The representative of Argentina stated that, in relation to the Argentinian schedule circulated last October, the United States and the EEC had asked for an extension of time to study the document. He requested these delegations, in case they had concrete questions to put to his delegation, to do so as soon as possible so that any problems could be identified and solved.
2.5 The representative of Peru informed the Committee that his authorities were still working on the presentation of the Peruvian schedule under the new loose-leaf system, following the technical assistance received by the secretariat. A draft loose-leaf schedule of Peru was being finalized with the hope of circulating it soon to the contracting parties.

2.6 Speaking on behalf of Hong Kong, the representative of the United Kingdom requested the Japanese delegation to inform him of its position regarding the Hong Kong schedule for which Japan had in 1982 asked for additional time to examine it.

2.7 The representative of Japan said that he took note of the statement made regarding the Hong Kong schedule and would convey it to his authorities.

3. **Harmonized System and GATT concessions (L/5470/Rev.1 and TAR/W/47)**

(a) Transposition of national tariffs and Article XXVIII negotiations

3.1 The Chairman informed the Committee that since the last Committee meeting in November 1984, there had been three informal plurilateral meetings with interested countries. From those meetings, it had appeared that work towards the transposition of schedules and national tariffs had progressed in a satisfactory manner. Most delegations present at the last informal meeting, held on 26 April 1985, had agreed to submit or exchange the complete documentation necessary for the technical consultations before the summer. Concerning the verification of other delegations' transpositions, work had
progressed more slowly. No precise date could be suggested for the beginning of Article XXVIII negotiations, but it was obvious that the technical discussions being held on the transpositions of schedules in the Harmonized System would greatly facilitate the negotiations. He also reported that, as a result of those informal consultations, all the delegations had expressed their firm determination to conduct and conclude the negotiations in time for the Harmonized System to enter into force as envisaged in the Convention, i.e. 1 January 1987. It had also appeared that several policy issues still needed to be considered and discussed. Among those mentioned were: the question of INRs (present and historical); the definition of suppliers' rights; the possibility of introducing a review clause; the possible need for a formal decision to open the Article XXVIII negotiations; the way to publish the results of the negotiations - whether it would be in the form of a Protocol or a Certification; the date of implementation of the new rates; the presentation of the new Harmonized System schedules in loose-leaf form.

(b) Common data base

3.2 The Chairman reported that concerning the common data base to be established in connection with Article XXVIII negotiations, interested delegations had held several informal meetings where technical details on the content of the data base were discussed with the secretariat. Document L/5470/Rev.1 contained the information which the Council had agreed that each contracting party adopting the Harmonized System should supply to the secretariat. Document TAR/W/47 outlined the content and organization of the common data base, taking into account the views expressed by delegations
during earlier informal meetings. The secretariat had received from some delegations draft computer files which had been used for testing the computer programmes necessary to verify and convert the data to the format of the data base files. At present, five delegations had confirmed their intention to participate fully in the data base and it would be useful to know which other delegations intended to participate in the exercise, at this or at a later stage. The Chairman added that the secretariat stood, of course, ready to supply any information on the data base to any newcomer.

3.3 The representative of the United States reported that following the last meeting on the data base, work in Washington had been progressing to take care of the difficulties in the US file. She expected to submit complete data files by the summer break. She also expressed the hope that the data base could be made as open to as many participants as possible, bearing in mind that the need to restrict access was limited and that, in the long term, everyone would need to have access to those data in order to conclude the Article XXVIII negotiations. Regarding the policy issues, she believed that the Committee would need to address those items in some detail and that decisions would need to be taken on some of those points over the summer.

3.4 The representative of Japan said that one of the issues which should be discussed in the Committee related to the procedures to be followed after the completion of the Harmonized System negotiations. In this respect, his delegation intended to submit a working paper in the near future with the hope that this matter could be discussed before July. Concerning the documents to be supplied by the various countries, his delegation was hoping that, bearing in mind the date of entry into force of the Harmonized System
on 1 January 1987, countries concerned would make every effort to provide the relevant documentation before the end of July. He stressed the fact that his delegation had endeavoured to make the complete documentation available in time and had arranged to send experts from Tokyo for the pre-consultations.

3.5 The representative of the European Communities confirmed that his delegation was willing to participate in the common data base and was hoping to submit the necessary files to the secretariat by the end of June. He shared the concern expressed by the delegate of Japan about the need to supply, by the summer, a complete documentation including concordance tables, statistics and trade breakdown by all delegations; without these data, no serious discussion could start.

3.6 The representative of Australia reported that work on the common data base was progressing in her capital in order to enable her country to participate in this exercise, at least on a partial basis. She hoped to be in a position later this year to submit some of the relevant files. Regarding the concept of partial participation, she explained that her country might only be in a position to supply some of the specified files in tape form. Having noted the comments made by the United States and the European Communities, she stressed that her authorities were of the view that freedom of access was important and that restriction on the access of data could prove counterproductive in that it would delay the discussions and negotiations for the implementation of the Harmonized System. On the list of issues which still needed to be discussed, her country had a particular interest in the question of INRs and would be grateful to know the views of
other contracting parties regarding the manner in which they intended to trace INRs in the harmonization exercise.

3.7 The Chairman noted that several delegations had stressed the importance to start as soon as possible the discussion on the policy issues which still needed to be considered, and invited delegations that had flagged their interest on those issues, to submit working papers without delay in order to facilitate the consideration by other contracting parties and to make the discussion more meaningful.

3.8 As an initial reaction to the list of policy issues, the representative of the United States said that, on the question of INRs, her delegation had experienced considerable difficulties in preparing its conversion and in tracing INRs from the current tariff schedule of the United States in the Harmonized System. Consequently, it had not yet provided indications of INR in the Harmonized System. Her delegation had approached a number of contracting parties informally with the idea that the Harmonized System exercise might provide an opportunity to solve a number of problems pertaining to column 7; the possibility of eliminating from GATT schedules all historical INRs had been explored, bearing in mind that there might be some countries that would want to keep some historical INRs. Her delegation would also be ready to consider the treatment of fixed INRs and, on an item-by-item basis, examine the need to continue carrying over column 7 treatment to the Harmonized System. She expressed concern that the Harmonized System exercise might deteriorate into negotiations relating to the existence of INRs. In her view, the Committee should consider a
procedure for the treatment of INRs which would be aimed, in principle, at the elimination of historical INRs. On the issue of supplier rights, she expressed the hope that during the pre-negotiation phase, contracting parties would respond to all questions other contracting parties had in respect of the conversion of individual tariff items, irrespective of supplier status. She also hoped that the supplier status would be determined in the same manner as currently done under Article XXVIII, i.e. determined on the basis of m.f.n. suppliers disregarding trade benefitting from preferential rates. On the issue of a review clause, her delegation tended to think that such a clause would not be appropriate. She believed that once the Harmonized System negotiations were concluded, any consequences following from the implementation could be dealt with under the current provisions of the GATT. About the formal decision on initiating and concluding the negotiations, her delegation was looking forward to receiving the Japanese working paper and would anticipate that, following the May/June/July round of discussions on chapters 1 to 63, delegations would be in a better position to make a decision on when the Article XXVIII process should be initiated and whether that process should be initiated at the same time by all concerned or not. She expected that the Japanese paper would also address the question of the conclusion of the negotiations (Protocol or Certification) and believed that a decision on this matter would not be necessary before the end of the year. Regarding the question of the implementation of the new rates and the presentation of the Harmonized System schedules in loose-leaf format, her delegation had not yet examined this problem in depth but expected that the tariff schedules in Harmonized System nomenclature would be presented as certified loose-leaf schedules which would become the sole legal document embodying all the tariff obligations of a particular contracting party.
3.9 The representative of the European Communities presented some comments on what might be the position of his delegation when the policy issues would be discussed next July. On the question of INRs, it was obvious that as far as historical INRs were concerned, the problem consisted of avoiding undue complexity. His delegation therefore tended to agree with the position taken by the United States concerning the historical INRs; but no decision could be taken in this respect without a general consensus. The question of INRs needed to be discussed with a view to simplifying as far as possible the negotiations. Coming to the issue of suppliers' rights, he pointed out that the Community might not fully share the position of the United States because the rules of Article XXVIII provided that the negotiating and suppliers' rights were determined by trade statistics concerning all contracting parties. On the review clause, his delegation was at present reflecting on this question and, although it had promoted this idea in the past, the Community was getting more and more conscious of the risks. For this reason, his delegation would like to raise this question again and discuss it in July, so that all the members of the Committee could put forward their views and indicate what the implications for them would be. Concerning the points raised by the Japanese delegation about a decision for the formal opening of Article XXVIII negotiations, their conclusion and the problem of the legal instrument to be prepared, the representative of the Community was of the view that it would be premature to discuss these points now, before having held the technical discussions, and suggested reverting to them at the meeting in July.

3.10 The representative of Canada stated that the issues flagged needed to be examined and that further informal discussions would be useful. Like others, his authorities were still reflecting on these and some other points.
3.11 The Chairman agreed that it would be useful to carry out discussions on those issues in an informal meeting which he would arrange to take place before the next official meeting of the Committee.

4. **Sixth Certification of Changes to Schedules**

4.1 The Chairman recalled that in GATT/AIR/2096 dated 21 January 1985, contracting parties had been invited to submit for certification any rectifications or modifications to their schedules. At the last Committee meeting in November 1984, it had been explained that the publication of a new certification on the model of the former ones would be necessary in view of the fact that the loose-leaf schedules exercise had not proceeded sufficiently fast to envisage the certification of a sufficient number of schedules. In addition to the modifications received by the secretariat during the past three to four years, the results of Article XXVIII negotiations which affected schedules, or parts of schedules, should be notified, as well as the introduction, in the schedules of the countries signatories of the Aircraft Agreement, of the additional aircraft concessions. To date, no such notification had been received. He reminded delegations that each notification would be subject to a period of three months for examination and possible objection and that, once the Sixth Certification was ready for publication in a draft form, it would again be subject to a period of three months - for verification - before publication. In view of this timing, he urged delegations to make the utmost effort to notify the secretariat of any rectification or modification, including the additional aircraft concessions, at the earliest possible date.
5. **Implementation of Tariff Concessions** (TAR/W/48)

5.1 The Chairman recalled that at the last meeting of the Committee in November 1984, attention had been drawn to the fact that some countries had modified the staging of reductions foreseen in the Geneva (1979) Protocol. He reported that several countries had notified the advanced implementation of tariff reductions in 1985, either generally or for certain products. These countries were Austria, EEC, Finland, Japan, Norway, Sweden, and Switzerland. He invited other countries to notify the secretariat of any change from the rules contained in the Geneva (1979) Protocol and Supplementary Protocol.

5.2 The representative of the European Communities recalled a notification made by the Community on 31 January 1985 to the effect that a number of duty rate reductions for 1986 had been moved forward to 1 January 1985; these related to products of direct interest to developing countries. On the other hand, the Community was prepared to speed up the reductions for additional products of interest to developing countries insofar as similar actions would be taken by the Community's main partners.

5.3 The representative of Japan pointed out that his delegations had raised this matter at the November meeting due to the concern that tariff reductions were mainly divided into two categories: those subject to regular stagings and those subject to special or conditional stagings. Regarding the general staging of reductions, some countries had already notified the Committee of advanced implementations, whereas for special or conditional stagings invoked by some delegations, no notifications had been received. His delegation felt it appropriate that those countries notify the Committee of the
implementation date of the final rates for items subject to special conditions. He considered that it would be useful if the Committee could collect information on concessions which had not yet been implemented and discuss the prospect of their implementation.

5.4 The representative of Argentina referred to document TAR/W/48 submitted by Japan and invited developed countries that had not yet announced advanced reductions of MTN tariff concessions to do so as soon as possible since such an action would undoubtedly be beneficiary to the trade of all contracting parties.

6. **Other business**

6.1 The representative of Japan said that concerning the application of Article XXVIII to new products, his delegation intended to submit an additional paper in the near future and would hope that a further informal meeting would be held on this subject in due time.

7. **Date of next meeting**

7.1 The Chairman suggested that, in view of the importance of the Harmonized System and the policy issues which still needed to be discussed, the next meeting of the Committee should be held on 19 July 1985. It was so agreed.