1. Adoption of the agenda


3. Submission of Harmonized System documentation for Article XXVIII negotiations


5. Progress of negotiations and approximate timing of submission of schedules

6. Common data base

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1. Adoption of the Agenda

1.1 The Chairman welcomed the participants to the meeting convened by GATT/AIR/2468 dated 17 September 1987, which contained the agenda and the list of documents for the meeting. The agenda was adopted with the additions mentioned above under "Other business".

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2.1 The Chairman recalled that the first Protocol, which had been opened in February, contained an annexation date of 31 July 1987 and an acceptance date of 30 September 1987. The Protocol also provided for entry into force on 1 January 1988. He reported that five countries which had participated actively in the HS negotiations, had been able to complete their work and to meet both the annexation date and the acceptance date. These countries were: Japan, which accepted the Protocol on 3 August; Finland and Sweden, on 25 September; Norway, on 28 September; and New Zealand on 30 September 1987. The Chairman then requested Mr. Asakura, observer from the CCC, to report to the Committee about the situation with respect to the Harmonized System Convention.

2.2 Mr. Asakura of the Customs Co-operation Council informed the Committee that on 22 September 1987, fourteen countries and the EEC had deposited their instruments of ratification or accession to the HS Convention. The number of contracting parties to the Convention had to date reached twenty-nine, which was far beyond the seventeen contracting parties required for the implementation of the HS on 1 January 1988. The Harmonized System would thus enter into force on 1 January 1988. On behalf of the CCC, Mr. Asakura extended his thanks to the GATT for its co-operation and efforts in respect of the prompt implementation of the Harmonized System.
2.3 The representative of the European Communities enquired about the implications of the entry into force of the HS for the countries which had not ratified the HS Convention but which applied the CCC Nomenclature. He understood that those countries were required to align, as from 1.1.1988, the first four digits of their present tariffs to the HS; these changes would thus have some effect on their GATT schedules. He suggested that the Committee examine this matter in the near future.

2.4 The Chairman explained that countries adhering to the CCCN had to adapt, at least at the four-digit level, their nomenclatures to the HS. This was a matter of interest to the Committee to the extent that those countries were also members of the GATT and that the rates of bound items were affected.

2.5 Mr. Asakura confirmed that, unless they introduced the HS, contracting parties to the CCCN Convention should on 1.1.1988 amend their customs tariffs on the basis of the amended CCCN which, for the first four digits, would be the same as the HS.

2.6 The representative of the United States pointed out that the focus of the Committee's work had until now been on countries which would adopt the Harmonized System. However, it was clear from the intervention of the CCC Observer that a much larger number of countries would be confronted with changes in their tariff nomenclatures as of January 1988, which could mean the modification of these countries' schedules. He therefore suggested
that the secretariat invite those contracting parties signatories to the
CCCN Convention which have a GATT schedule of tariff concessions, to give
an indication of their intentions. This was agreed.

3. Submission of Harmonized System documentation

3.1 The Chairman referred to document TAR/W/67/Rev.4 and reported that no
new HS documentation had been submitted to the secretariat since the last
Committee meeting in July. He asked whether there was any delegation that
could indicate whether it would be in a position to submit its
documentation in a near future; there was no reaction.

of the Harmonized System

4.1 The Chairman explained that in view of the fact that several countries
intending to implement the Harmonized System on 1 January 1988 had not been
in a position to meet the requirements of the First Harmonized System
Protocol, it had been necessary to envisage the preparation of a Second HS
Protocol which would have exactly the same legal status as the first one
but would contain different annexation and acceptance dates. Consensus had
been reached among interested delegations on the date of the Protocol
(5 October 1987), the time-limit for annexation (20 November 1987) and the
deadline for acceptance (31 December 1987). The date of entry into force
would remain the same as in the First Protocol, i.e. 1 January 1988. The
text of the Second Protocol would be circulated to all contracting parties
in document L/6222. The Chairman reminded delegations that:
schedules to be annexed to the Second Protocol should be prepared in loose-leaf format and that, in a first stage, only columns 1 to 4 needed to be filled (tariff number, product description, duty rate and the legal instrument establishing the concession);

- the indication to be inserted in column 4 (present concession established in...) should be "G/HS/87/2";

- in addition to the copy needed by the secretariat for reproduction on treaty paper, 210 copies of the final schedule to be annexed to the Second Protocol should be supplied to the secretariat for distribution to all contracting parties on or about the date of annexation;

- delegations should also provide the secretariat with results of bilateral agreements for later reference.

5. **Progress of negotiations and approximate timing of submission of schedules**

5.1 The Chairman, referring to the dates agreed upon to be included in the Second Protocol, requested delegations to report on the progress of their negotiations and the likely date at which they expected to be able to annex their schedules to the Second Protocol.

5.2 The representative of the European Communities said that his delegation would be aiming at the date of 20 November 1987.
5.3 The representative of Australia believed that his authorities would be in a position to annex the Australian schedule to the Second Protocol by 20 November 1987.

5.4 The representative of Canada reported that his delegation, having essentially completed negotiations on rates of duty, intended to annex its schedule to the Second Protocol by mid-November.

5.5 The representative of Hong Kong stated that it was the intention of his authorities to annex the schedule of Hong Kong to the Second Protocol early in November.

5.6 The representative of Switzerland said that his country would also be able to meet the deadline for the annexation of schedules, as stipulated in the Second Protocol.

5.7 The representative of the United States said that consultations were being held concerning the legislative requirements and that he was not in a position to guarantee at this point that the date of 20 November would be met. He ensured the Committee that every effort was being made to obtain the necessary legislative approval to permit implementation of the HS on 1 January 1988.

5.8 The representative of Zimbabwe indicated that his authorities intended to annex the schedule of Zimbabwe by 20 November.
5.9 The representative of Korea said that his Government was hoping to join the Second Protocol. Korea had just started negotiations with interested contracting parties; he asked for the cooperation of Korea's trading partners in order to complete the negotiations by the end of October, so that the Korean schedule could be annexed in time to the Second Protocol.

5.10 The representative of Austria informed the Committee that her country had nearly concluded the negotiations under Article XXVIII; although there were still a few problems pending, she believed that Austria would be in a position to submit its schedule before 20 November 1987.

5.11 The representative of Czechoslovakia said that his country would not be able to annex its schedule to the Second Protocol, due to the delay in negotiations under Art. XXVIII and because of the many objections raised to the transposition of the Czechoslovak tariff into the Harmonized System.

5.12 The representative of Japan was pleased to hear from the observer of the CCC that the HS would enter into force on 1 January 1988 and that several delegations intended to annex their schedules to the Second Protocol; it was very important that as many countries - developed and developing - as possible implement the HS on 1 January 1988. In this connection, he expressed concern about the situation in the United States.

5.13 The Chairman thanked Mr. Asakura for his co-operation and participation in the work of the Committee and, through him, congratulated the Customs Co-operation Council for being successful in meeting its deadline for bringing the HS Convention into force on 1 January 1988.
6. Common Data Base

6.1 Mr. Raynal (secretariat) informed the Committee that the Technical Group on the HS common data base had met that morning to discuss two main points: the updating of the present HS Base to reflect the results of Article XXVIII negotiations, and information to be included in the new tariff study once the harmonized system was available and the standardized format for submissions. On the first point, it had been said that the updating should be carried out, but for some participants new submissions could not be made within quite a long period. On the second point, it had been accepted that the proposals contained in the document discussed would constitute a starting point for the secretariat to be able to begin work so that it would be ready to receive the first data based on the Harmonized System. At the same time, the tariff study should be updated to include data for 1986 and possibly 1987, retaining the present format. In addition, participants had called for the broadening of the tariff study to other contracting parties. They had been informed that an agenda item for the next Council meeting would concern the integrated data base, for which trade and tariff data were most important, and that consultations were currently underway on the subject.
7. Other business

Content and presentation of schedules

7.1 The representative of New Zealand referred to the possibility of minor errors in the schedules once they had been annexed to the Protocol and wondered whether a common understanding could be reached in the Committee on procedures to be followed in cases where minor modifications might be required.

7.2 The Chairman reminded the members of the Committee that the type of errors described by the New Zealand representative would be treated through the existing rectification and modification procedures.

7.3 The representative of Australia raised the issue of INRs and the way they would be reflected in the HS schedules. He expressed concern over the negotiations being carried out on this matter and stressed that where no agreement on INRs had been reached, existing rights would remain unaffected.

7.4 The Chairman confirmed that this approach had been outlined in the documentation provided by the secretariat\(^1\) and that, in supplying a schedule for annexation to a protocol, the minimum information required

\(^1\)See TAR/W/65/Rev.1
would be to complete the first four columns; concerning the fifth and seventh columns referring to current and historical INRs, it was understood that as long as the minimum information was provided in the schedules to be annexed to protocols, the schedules would be considered as authentic for the purpose of the protocols but incomplete as far as the requirements of the loose-leaf system were concerned. When countries would be in a position to provide the missing information, the matter would be dealt with under the certification procedure.

- Report to the Council

7.5 The Chairman drew the attention of the Committee members to the fact that each committee reported annually to the Council in the autumn, in the meeting held just before the session of the CONTRACTING PARTIES. Since there was not enough time for the Committee to consider a written report, he suggested that, as had been done in the past, he would deliver an oral statement on his own responsibility to the Council in November on the activities of the Committee. The text of his report would subsequently be distributed to all contracting parties in a TAR/ document. It was so agreed.

- Date of next meeting

7.6 The Chairman suggested 11 December 1987, p.m. as a tentative date for the next meeting of the Committee, leaving the possibility for the Technical Group on the HS Data Base to meet in the morning.