
**Committee of Participants on the Expansion of
Trade in Information Technology Products**

MINUTES OF THE MEETING OF 21 MARCH 2000

Chairman: Mr. Y. Shiran (Israel)

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Introduction

The Chairman stated that the proposed agenda for this meeting was circulated in WTO/AIR/1265 on 9 March 2000. He asked if there were any other matters to be raised under "Other Business". Hearing no requests, he stated he would make reference to the "review of product coverage" and the date of the next meeting of the Committee under this agenda item. The agenda was adopted.

1. Review of the Status of Implementation of the Ministerial Declaration on Trade in Information Technology Products (G/IT/1/Rev.13)

1.1 The Chairman pointed out to participants that an overview of the implementation of the Ministerial Declaration on Trade in Information Technology Products was contained in G/IT/1/Rev.13. As shown in this document, implementation seemed to be proceeding as envisioned under the Declaration. He asked if any delegations had any information to share or comments to make.

1.2 The delegate of the United States stated that he had two issues to raise with respect to implementation. The first concerned WTO procedural implementation issues as outlined in document G/IT/1/Rev.13, namely the outstanding documentation that was still pending from Panama and the clause "subject to domestic procedural requirements" concerning the schedules of Poland and El Salvador. Secondly, he pointed to some domestic procedural problems of putting the ITA into force with respect to Thailand and the European Communities. Regarding Thailand, he noted the inconsistent customs procedures that were applied to ITA products by Thai customs authorities, specifically periodic inconsistent application of tariffs, and the requirement of a 'certificate of origin' to accompany ITA goods. If such a certificate of origin was not provided, a rate of duty above the bound rate was applied. In his view, this practice was unwarranted as it constituted a non-tariff barrier that was inconsistent with the ITA and its objectives. He stated that his delegation had raised this issue bilaterally with Thailand and hoped to continue discussions to achieve a positive resolution of the matter. Concerning the European Communities, he noted the problem of importing 'set top boxes' into many EC member states. Some EC member states' customs authorities had provided written guidance that ITA treatment would not be

accorded to set top boxes. The companies had been advised that set top boxes had been classified in a tariff code outside ITA coverage, and thus would be subject to a 14 percent tariff. The set top boxes in question were of a type specifically described in Attachment B of the ITA, "Set top boxes which have a communications function, a microprocessor-based device incorporating a modem for gaining access to the Internet, and having a function of interactive information exchange". Thus, this was not a technical customs classification issue, as set top boxes described in Attachment B are covered regardless of where the product is classified. Constructive consultations with the European Communities were ongoing and they looked forward to a swift resolution. He asked these delegations to respond and provide additional information.

1.3 The delegate of the European Communities raised an implementation problem with respect to Indonesia, pointing out that Indonesia did not appear to fully comply with its ITA obligations. Her delegation wanted to know when Indonesia would take the necessary steps to reduce tariffs in accordance with its obligations. In response to the question raised the United States concerning set top boxes, the delegate stated that this issue was being addressed by the experts in Brussels and bilateral communications were ongoing.

1.4 The delegate of Macau, China recalled to Members the provisions contained in document WT/L/333, which communicated that on and after 20 December 1999, the Macau Special Administrative region would continue to be a WTO Member under the name "Macau, China". In this context, her delegation believed all WTO documents and references should now refer to Macau, China.

1.5 The delegate of Thailand stated that in response to the question raised by the United States, his instructions were to take note of the statement, convey it to his capital, so that his authorities could respond to the questions raised. From his personal perspective as a delegate in Geneva, he noted that he had not had the opportunity to consult with the United States about this matter previously. With respect to the issue, he noted that in joining the ITA it was a big step for Thailand as a developing country to commit to zero tariffs, and that this year was the first year Thailand would provide 'duty-free' treatment for ITA products under the terms of the agreement. This was an unprecedented step in the history of Thailand, which did not have any practice in implementing such concessions. Customs officials in Thailand were faced with something new they were not accustomed to, they were used to doing things in the same way as it was done 60 or 70 years before. He hoped that his authorities were going to move to a more efficient practice in the future. Many developing countries were still moving from an old economy to a new economy with new terms and technologies. It was important to note the ITA to learn from each other. His delegation was willing to sit down and talk and answer the questions raised by the US delegation. He would appreciate if the US delegation could provide its statement in writing.

1.6 The delegate of Panama, responding to the question of the United States concerning its WTO documentation, stated that Panama was in conformity with the Agreement, in that all tariff cuts had been implemented according to Panama's ITA schedule. Concerning the formal rectification and modification documentation to be submitted, his understanding was that the administration planned to proceed with the necessary formalities as the documentation was being completed in his capital. He could not, however, give a date as to when it would be submitted. He would request this information from his capital.

1.7 The delegate of the Philippines stated for the benefit of transparency, that the Philippine ITA tariff cuts had been implemented in the year 2000 by Executive Order 163, signed in October 1999.

1.8 The delegate of Hong Kong, China requested those delegations that had asked questions concerning implementation to submit and circulate them in writing, and hoped that those who would respond could also do the same.

1.9 The Committee took note of the statements made.

2. Consultations on Non-tariff Barriers

2.1 The Chairman recalled that at previous meetings of the Committee delegations had expressed their interest in pursuing work on non-tariff measures, and had agreed that informal consultations would be held on this matter. These informal consultations were held on 9 March and many delegations expressed appreciation for the national experience papers submitted. Many were examining ways to proceed and looked forward to further consultations on this matter. Also, he noted that as a contribution to the work in this area, there had been an Australian proposal; Australian, Hong Kong China, and Swiss national experience papers; and a Secretariat document on the summary of the survey responses (G/IT/SPEC/Q1/25).

2.2 The delegate of Australia stated that his delegation attached great importance to this matter and in particular to the adoption of a concrete work programme. He noted the widespread support for the existing Australian framework paper on a work programme. He also thanked those delegations that had submitted national experience papers as this progress was encouraging. He hoped this could ultimately lead to the formal adoption of a concrete work programme. To this end Australia was in the process of preparing a document which would reflect the elements contained in the framework paper and include a timeline of events. This would be submitted in the near future.

2.3 The delegate of Canada stated his delegations' interest in this matter and looked forward to receiving the Australian paper, noting that the proposed work programme should address real problems and real solutions. It should look at a variety of non-tariff measures. He stated that Canada would shortly be submitting a paper on import licensing. When examining NTMs, the Committee should take into account the work of other WTO Committees, but look at matters from an IT perspective. In this connection matters like import licensing, standards, conformity assessment, and other areas could be addressed.

2.4 The delegate of Hong Kong, China stated that his delegation had submitted a national experience paper on the telecommunications equipment sector. He provided an overview of this document as it gave a comprehensive account of the development of policies and procedures on technical regulation of radio and wireline telecommunications equipment in Hong Kong, China, including the principles in setting standards for technical regulation and the launch of the Hong Kong Telecommunications Equipment Evaluation and Certification Scheme. He noted that additional information could be found on the following website: <http://www.ofta.gov.hk>. His delegation welcomed the Australian paper.

2.5 The delegate of New Zealand looked forward to the Australian paper and proposed that informal consultations be convened once the Australian paper was received and circulated. New Zealand wholly supported work on NTMs in this Committee and hoped to present a national experience paper in the near future on government procurement issues in the IT sector.

2.6 The delegate of Norway stated the importance of this matter for his delegation and thanked Australia for their work in this area. He looked forward to receiving the Australian paper, hoping that a work programme could be adopted by the summer. He stated his delegations' appreciation for the national experience papers submitted. His delegation was in consultation with industry to address this issue and hoped that these consultations would lead to the submission of a national experience paper in the future.

2.7 The delegate of Switzerland stated that her delegation attached great importance to this issue. She thanked Australia for its work in this area and was looking forward to examining the forthcoming Australian paper. Furthermore, she expressed appreciation for those delegations that had submitted national experience papers.

2.8 The delegate of Singapore stated that her delegation attached great importance to this issue and welcomed the forthcoming Australian paper. She hoped that once the Australian paper was circulated, informal consultations could be convened.

2.9 The delegate of the United States stated the importance of this issue and hoped that work could continue in this area, leading to the adoption of a work programme. His delegation supported the work of Australia in this area and hoped to participate actively in the future.

2.10 The delegate of Malaysia stated the importance his delegation attached to this matter and looked forward to receiving the Australian paper. Although his delegation did not have a national experience paper, he provided some additional information. After inter-agency consultations, his government noted some examples of NTMs and these included differing technical requirements between the US and EC markets. Specific examples concerned different color-coded electrical wiring, and complicated testing and recognition procedures for refrigerators. His delegation supported the Australian work programme as long as it did not increase administrative layers and red tape. With respect to the statement of Canada concerning the issue of circulating a paper on import licensing, his delegation was not favorable to such a paper as he was of the opinion that this Committee should not duplicate the work of other Committees. He asked Canada what would be the value added in examining this issue.

2.11 The delegate of Canada, replying to Malaysia, stated that it was important to identify real problems and find real solutions. With respect to import licensing, it was a comparative advantage to look at it from an ITA perspective, and examine the problems and look for a way forward. In addition, his delegation supported the proposal of New Zealand to have informal consultations once the Australian paper was circulated.

2.12 The delegate of Japan stated his delegations' support for the Australian paper on a work programme which would contain a timeline. The entire process was important, as the education and study process would benefit all in the Committee.

2.13 The delegate of Australia responded to three points raised previously. First, in response to Malaysia, it was important to keep an open mind to view the NTMs and then look at a way of removing them. Secondly, with respect to the statement of Japan, it was important that this be an educative process for a wide range of NTMs—to build broad-based knowledge and achieve benefits for both developed and developing countries alike. Thirdly, he supported the statement of New Zealand and Canada to have informal consultations once the paper was circulated..

2.14 The delegate of India stated the importance her delegation attached to the issue of non-tariff measures and looked forward to the forthcoming Australian paper with a timeline. She supported the statement of New Zealand to have informal consultations after the paper is circulated, and looked forward to participating in those discussions. Furthermore, her delegation looked forward to receiving the Canadian paper as she hoped her capital could draw advantage from the information provided.

2.15 The delegate of Korea supported the idea of having informal consultations after circulation of the Australian paper. He noted the important points made by Japan and these should be taken into account. Also, the point made by Malaysia about not overlapping with the work of other Committees was well taken.

2.16 The delegate of Malaysia responded to Canada by stating that his delegation was willing to look at the Canadian paper but was not inclined to include it in a work programme of this Committee.

2.17 The Committee agreed to hold informal consultations on this matter once the Australian paper was received, and took note of the statements made.

3. Divergences in Classifying Information Technology Products (G/IT/2/Add.1/Rev.1)

3.1 The Chairman recalled that the Committee had proceeded with its work on this agenda item and he believed that progress had been made. For the benefit of the Committee, he provided an overview of the developments that had occurred in this area. He recalled that a group of customs classification experts met in Geneva during 4-6 October 1999 in order to discuss the classification divergences of ITA Attachment B items. The work could be summarized as follows: the group addressed generic issues that arose with respect to the classification of all items, then turned to addressing the Attachment B items individually. They proceeded by first addressing the products themselves, leaving aside the associated 'parts' until the product divergences themselves were addressed. In many instances they were able to narrow down the possible classifications for the descriptions by questioning some classifications as doubtful, and further confirming other classifications as some changed their original classifications. In a few instances, the group noted that the work of the World Customs Organization (WCO) was relevant in that they had already taken decisions with respect to the products concerned, or were scheduled to take up the classifications at a future date. The group took note of this work of the WCO, so as not to duplicate efforts. In some instances additional information or time was needed to further reflect on the issue at hand in order to come to conclusions.

3.2 As a result of these meetings, the customs classification experts submitted a package of materials which included a cover note, a rapporteur's summary, and a table of classifications which contained the outcome of the meetings and which were circulated to all participants on 14 December 1999. The cover note contained the important points and suggested a way forward, the rapporteur's summary provided a detailed summary of the discussions on each item, and the table of classifications listed the possible HS classifications for each item, placing in "brackets" those which the group questioned as doubtful. Thus, that was the material that the Committee had at its disposal from the customs experts, which he believed provided a good way forward to address this issue of classification divergences.

3.3 Furthermore, pursuant to paragraph 3 of the cover note, participants were invited to submit their comments on the documentation, and in particular, if they had HS classifications in the questioned 'bracketed' HS codes, they were asked to consider if these remained valid and to explain their reasons therefore. As of the deadline of 1 March 2000, the Secretariat had received one response, and only recently received a second response. These two submissions were being circulated informally to the Committee in the room today. In preparation for the meeting it was not deemed appropriate to prepare and circulate a new table as there would be only one item to change. Thus, he summarized the information in the two submissions in a non-technical way. With respect to the submission of Switzerland, it had aligned its classifications with those of the customs experts with the exception of one item, number 191. However, it did seek clarification and discussion on a few other items. With respect to the submission of Korea, it indicated support for many of the customs experts classifications, however it provided some additional new possible classifications in some instances, provided support and clarification of a few classifications that the group had questioned, and questioned as inappropriate a few classifications that the group had discussed as possibilities. He referred interested persons to the "Comments" column on the right-hand side of the Korean submission for the detailed information provided therein. He believed these were two important contributions to the process and should be useful to allow the work to go forward in this area.

3.4 The delegate of Hong Kong, China stated the work of the customs experts in narrowing down the classification divergences was very useful and hoped that the group could meet again, perhaps in May or June. He thanked Korea and Switzerland for their useful contributions. Furthermore he suggested that as a next step he hoped that the Secretariat could solicit responses from those who had not responded so that work could go forward in the meetings to be convened in the coming months.

3.5 The delegate of the European Communities stated that the work of the customs experts was very useful and hoped that they could meet again in either May or June. Her delegation would study the useful contributions of Switzerland and Korea.

3.6 The delegate of New Zealand stated that while her government was not able to send an expert to these meetings, they were examining closely the very useful documentation. While not being able to provide any specific response at this time, she nonetheless noted that the WCO Harmonized System Committee was meeting in Brussels at this time and that some of the issues were relevant to the work be undertaken there were relevant to this work. She hoped that when the group met again, they would take into account the work of the WCO Harmonized System Committee.

3.7 The delegate of Costa Rica stated that the work of the customs experts was very useful as well as the additional contributions of Switzerland and Korea. His capital was still examining the documentation and would be sending comments to the group once this examination was complete.

3.8 Now that the Committee had the information at its disposal, the Chairman proposed as a next step, that the customs experts of any interested participant continue to meet in this informal way, and proposed the dates of 13-16 June 2000, noting that interpretation would be provided for these meetings. He also encouraged those delegations that had not had an opportunity to examine the documentation to do so as soon as possible and provide feedback. The Committee agreed to the proposal of the Chairman.

4. New Participants

4.1 The Chairman noted that there had been one new schedule, that of Slovenia, submitted to the Committee for consideration at this time. He noted that the Delegation of Slovenia was open to consultations with interested participants concerning its schedule. Furthermore, he noted for the benefit of the Committee, that in Slovenia's communication it stated: "As it is evident from the attached schedule, the Republic of Slovenia shall abolish all customs duties and other duties and charges on all information technology products on 1 January 2001, with the exception of four information technology products (four items under HS96) where the abolishment is envisaged on 1 January 2003."

4.2 The delegate of Slovenia informed the Committee that the Government of the Republic of Slovenia had fulfilled domestic procedural and legal requirements needed for its participation in the Information Technology Agreement. Moreover, they had the pleasure of already submitting the schedule of Slovenia's commitments for the Committee's review and approval. The Republic of Slovenia would abolish all customs duties and other duties and charges on all information technology products on 1 January 2001, with the exception of four HS96 items where the abolishment was envisaged for 1 January 2003. Slovenia was ready to enter into consultations and/or negotiations with any interested participant to the ITA as soon as possible. It was their desire to conclude such consultations and/or negotiations in the near future, preferably by the end of June. Their aim was for the Committee's final approval of their schedule at its next session or at least at its autumn session. The Republic of Slovenia's intention was to incorporate the scheduled concessions for the information technology products into its 2001 Customs Tariff. However, in order to be able to do so, it would need to have a final position of the participants by the middle of autumn when the Customs Tariff was to be prepared. Finally, they expressed their interest in the Committee's work concerning the formal and informal consultations on non-tariff measures and welcomed the Australian proposal.

4.3 The Committee took note of the statement made, and agreed to revert to this matter at the next meeting of the Committee.

5. Other Business

5.1 The Chairman referred to the 'review of product coverage', and stated that consultations between delegations were continuing.

5.2 Furthermore, he proposed that the Committee's next regular meeting be held on 14 June 2000, subject to confirmation. It was so agreed.
