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

**MINUTES OF THE MEETING OF  
14 OCTOBER 2002**

Chairman: Mr. Preben Gregersen (Denmark)

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## **Introduction**

The Chairman stated that the proposed agenda for this meeting was circulated in WTO/AIR/1916 on 4 October 2002. He asked if there were any other matters to be raised under "Other Business". He stated that the review of product coverage and the date of the next meeting of the Committee would be taken up under "Other Business". The agenda was adopted with these additions.

### **1. Review of the Status of Implementation of the Ministerial Declaration on Trade in Information Technology Products (G/IT/1/Rev.25).**

1.1 The Chairman recalled that an overview of the implementation of the Ministerial Declaration on Trade in Information Technology Products was contained in G/IT/1/Rev.25. This document showed the participants and the implementation issues pertaining to the WTO procedures for implementation. He reported on two outstanding matters which continued to be shown in document G/IT/1/Rev.25, and which related to the formal procedures of implementation of two participants. He recalled that at the last meeting, he had indicated that work was continuing and that these matters would be resolved by the time of the next meeting. However, he informed the Committee that he had consulted with the two participants concerned, and had understood that there had been no new developments since the last meeting. He urged them to finalise the formal procedures.

1.2 The Committee took note of the Chairman's statement.

## **2. Non-tariff Measures Work Programme (G/IT/22, G/IT/SPEC/Q3/3-5, G/IT/SPEC/Q4/1-19)**

2.1 The Chairman recalled that the Committee had proceeded with the proposal on a pilot-project, and in this connection, a survey had been issued in document G/IT/22, concerning the specific issue of EMC/EMI. The survey built upon an earlier survey of the Committee with respect to the standard related matters which was done in February 1998. He was pleased to report that 19 responses had been received from participants. The last one was from Singapore. The responses had been circulated in documents G/IT/SPEC/Q4/1 through 18 and Q4/20. As requested by the Committee at its last meeting, the Secretariat had done an overview of the survey responses contained in G/IT/SPEC/Q4/19, with the exception of Singapore's due to its recent submission. The Secretariat had also prepared the requested bibliography on EMC/EMI which was circulated in G/IT/SPEC/Q3/5. The Committee had also agreed to hold a workshop on EMC/EMI matters in early March 2003, subject to funding being available.

2.2 On the status of the rest of the work programme, he indicated that there were eleven original submissions from participants on identification of non-tariff measures (NTMs) which were circulated in the G/IT/SPEC/Q2/- series of documents. The Secretariat had summarized these submissions in document G/IT/SPEC/Q2/11 with the exception of one which was circulated after the issuance of the Secretariat's summary. Additionally, there had been three submissions on analysis and ways to proceed, which had been circulated in the G/IT/SPEC/Q3/- document series. He understood that a submission was coming from the US which should be circulated very shortly. And finally, the Committee had proceeded on the pilot project as noted above with the survey, responses and the workshop. He encouraged all delegations to continue to make contributions to the work programme to the extent they had not already done so, or if they had additional information to so contribute.

2.3 The delegate of the European Communities stated that in its submission to Phase II of the NTMs work programme, his delegation had chosen to focus on TBT related NTMs since these seemed to represent the main concern for industry. This should of course not detract from the impediments to trade caused by import licensing, certificates of origin, public procurement rules and other NTMs, but it should focus the Committee's attention and fuel a constructive debate. Empirical data on and quantitative analysis of the economic and development impact of TBT related NTMs on trade in ITA products and the benefits of addressing them were scarce. However, the estimates that existed indicated that the additional costs that resulted from TBT related NTMs were considerable. The creation of the EU Single Market could serve as an example of the benefits that could result from the removal of TBT related NTMs. Hence, his delegation had included this national experience which was made for telecommunications equipment. The measures undertaken to remove NTMs had, *inter alia*, direct effect on competitiveness and productivity; scale and scope effects; market access effects; direct production cost effects; evolution of final prices; effects on consumers. This had led to a significant reduction in prices, 12-30% compared to "competitive world prices", saving European purchasers approximately EUR 2 billion per year.

2.4 The EC therefore considered that the available information clearly showed that TBT related NTMs had a considerable impact on trade in ITA products and their removal could result in substantial savings for consumers and end users and greater variety and availability of products. The proposal from Canada to carry out a pilot project on EMI/EMC conformity assessment for ITA products was therefore supported. Especially one which involved regulators whose experiences, best practices etc. could be exchanged with a view to finding a common way forward.

2.5 It seemed that most ITA participants shared to a large degree the same regulatory objectives with regard to ITA products, i.e. protection of safety and health (mainly related to electrical safety), electromagnetic compatibility, efficient use of radio spectrum resources and certain telecommunications equipment specific requirements (mainly protection of the public network). There were important commonalities related to the technical basis for dealing with many of these regulatory

objectives, however there were also additions and/or modifications the reason of which were many times unclear and presented in a non-transparent manner. This led to uncertainty for manufacturers, in particular small and medium sized enterprises, who had designed their products according to international standards.

2.6 The main differences in regulatory approach seemed to relate to conformity assessment requirements, where ITA Members seemed to rely on either supplier's declaration of conformity or third party approval (either private or government body). The difference in conformity assessment requirements was in a sense surprising if countries more or less shared the same regulatory objectives.

2.7 On development aspects, many of the findings related to the economic impact of NTMs for trade in ITA products and the benefits of their removal were also relevant for developing countries, both in relation to promoting exports and ensuring availability of innovative technologies at competitive prices. He wished to refer to the OECD report "Tackling Non-Tariff Measures in ICT Sector: Survey of Developed and Developing Countries" which was self explanatory.

2.8 The OECD report also referred to an estimate made by US industry which indicated that delays of, on average, four weeks for FCC product approval and registration amounted to approximately USD 100 million per year. Industry had also estimated that for wireless telecommunications equipment, approvals could delay market introduction by four to seven weeks, while conformity assessment based on supplier's declaration would only take approximately two days.

2.9 The delegate of Canada stated that it would be extremely useful if all ITA participants could respond to the survey in preparation for the workshop that the Committee had agreed to hold. It was an important step in terms of the Committee's work programme on NTMs. His delegation was disappointed, however, that the workshop might not be held until early March 2003, although encouraged by the thought that a date had been tentatively scheduled. As explained in Canada's revised proposal, the proposed agenda was not intended to be prescriptive but rather to be a guide to allow for a fulsome discussion of the issues at hand. The scope of the workshop was to be limited to products that fell within the ITA. This would offer an excellent forum to have an exchange of views among the regulators responsible for EMC/EMI and for ITA trade policy officials. The regulators' involvement was very important in that the workshop would not only discuss the results of the survey but also examine the possible next steps. Since, the EMC/EMI regulators were the ones in a position to develop recommendations on the basis of what was achievable, it was crucial that a maximum number of regulators from ITA participating countries attended the workshop. In that regard, his delegation appreciated the request the Chairman had made for funding the workshop.

2.10 In terms of the papers on Phase II of the NTMs work programme, Canada welcomed the EC paper on its review of NTMs in the context of the experience of the EC single market. His delegation was grateful for the thorough analysis of the benefits gained by industry with the evolution of the single market. Canada was impressed to note that the removal of TBT-related measures had resulted in an increased market share, in lower barriers to entry and increased opportunities for economies of scale.

2.11 The delegate of the United States stated that this was a very important area of work. The US business community like others had responded with great energy to the existence of this Agreement, but were keenly aware that their expectations of what they could achieve were limited by problems in the NTMs area. In that regard, her delegation found the paper by the EC very helpful. In fact, there were very direct parallels in the issues that her delegation had identified as the primary problems. She noted that, in particular, the EC paper focused not only on the EC experience but on what that meant in terms of small business development which involved all players, and also the development component where there was a tremendous potential for growth and for benefits to economies.

2.12 With regard to the workshop, her delegation agreed that this was an important opportunity to understand the problems and how they could be addressed. Her delegation, like Canada, would have preferred to have the workshop a little earlier. Her delegation hoped that participants would use the time remaining until 3 March 2003 effectively in order to ensure that the right regulatory officials attended this event. In this connection, she encouraged all participants to start working with regulatory authorities, to alert them to this event, to help them understand the issues that were before the Committee and see how they could help contribute to make the event a success.

2.13 She noted that the Committee had identified a broad range of NTMs, however in her authorities consultations with business, there were five NTMs which emerged as being the most problematic. The first related to conformity assessment, testing and certification. In this regard, the lack of harmonized conformity assessment procedures, especially when a single internationally recognized standard or regulation was accepted by each of the countries involved could result in an increased cost due to duplicative/multiple testing and certification, prolonged time to market, uncertainty and unpredictability related to contacting approval authorities, certification bodies or laboratories in other countries. Conformity assessment procedures that were more burdensome than necessary resulted in delays in time to market and ultimately impacted the consumer, without any benefit to health and safety. The second area was the broad area of regulatory process and procedures. In this area certain aspects of regulatory systems and requirements should be considered as NTMs when they were not proportionate to the risks involved, nor based or supported by internationally recognized standards, nor limited to protecting public imperatives, or when they laid down detailed technical requirements or hindered innovation. This led to additional costs and delays, again with no value added to the consumer or public interest. Her authorities were concerned that this type of regulation was having an increasingly significant impact on this particular industry in three ways: 1) cost; 2) market access and 3) competitiveness. NTMs had also been identified as resulting from "voluntary" but de facto requirements, often referencing standards which many times had a quasi-regulatory status or government or legislative sponsorship. The third area her authorities had identified was standards. Her delegation was supportive of international standards development organizations and the adoption of internationally recognized voluntary standards. However the development, content and application of some governmental regulations based on standards could be considered NTMs. For example, divergent non-market driven national standards could be used to protect local industry and require manufacturers to redesign their products, thereby hindering trade. Standards in regulations that went beyond the basic protection requirements acted as a NTM requiring manufacturers to redesign for specific markets and slow the flow of trade in information technology products. The fourth area which had been identified was that of the certificate of origin mandate. A certificate of origin requirement was an additional unnecessary documentation requirement that effectively undermined the benefits of the ITA and consequently had become a significant NTM for trade in information technology and telecom products. Certificate of origin requirements could be extremely burdensome and could result in a full shipping day's delay or more to get a certificate of origin approval. Even a one-day delay could add millions of dollars in storage and other fees for products that were awaiting shipment. The information submitted as part of the usual required customs documentation was already sufficient for providing the information necessary to enter the shipment and protect the revenue, commerce and customs laws of the importing country. The fifth area which had been identified was customs procedures, which could act as a NTM when they involved cumbersome, non-transparent and overly burdensome bureaucratic procedures relating to obtaining customs clearance and/or marketing authorization.

2.14 The Committee needed to pay particular attention to ways to reduce the effects of these measures and eliminate the barriers. All US industries had benefitted from this Agreement, but the existence of NTMs undermined the potential that this Agreement represented.

2.15 The delegate of Japan stated that with respect to the workshop, it was necessary to clarify the product coverage since on a few items there was a dispute between participants as to whether such products were ITA products or not.

2.16 The Chairman stated that the submissions and the survey responses that had been received were appreciated, as well as the efforts made by Canada on the preparation of the workshop. He encouraged all delegations to continue their efforts with respect to the NTMs Work Programme.

2.17 The Committee took note of the statements.

### **3. Divergences in Classifying Information Technology Products**

3.1 The Chairman recalled that at the Committee's last meeting, he had given a brief report of the outcome of the meeting of customs experts that was held during 6-8 May 2003 and at which he had reported that very good progress was made. He had also mentioned that the Secretariat was working to complete this report in conjunction with customs experts. The Secretariat was still working on this report and hoped to issue it as soon as possible. Therefore, he hoped that the Committee could take up this matter at its next meeting.

3.2 The Committee took note of the statement.

### **4. New Participants**

4.1 The Chairman recalled that the schedule of the People's Republic of China had been before the Committee since its meeting in February 2002. At that time, it was decided to revert to the matter of this new participant at a future meeting of the Committee as some participants needed more time to consider the matter. The Committee did not proceed with approval of the schedule at its May and July 2002 meetings, due to the same reason. He, unfortunately, did not have much more to report other than that this issue would apparently require some additional time to be resolved. Therefore, he proposed that this matter be reverted to at the Committee's next meeting.

4.2 The delegate of the United States stated that the US attached great importance to China joining the ITA Agreement. However, her delegation continued to have concerns about China's implementation on 15 ITA products on which there was a requirement for importers to obtain an end-use certificate. Her delegation understood that the Ministry of Information Industries was concerned about the ability of Chinese customs officials to determine which products were covered by the ITA Agreement. The experience of all the current ITA participants was that ITA coverage was determined on the basis of classification under ITA product descriptions. She noted that during the negotiations on the ITA, the use of end-use certificates was considered and rejected since they were generally unnecessary and were considered very burdensome. She noted that this Committee held, periodically, meetings of classification experts to share experiences that would help participants meet any classification challenges. She believed that once China officially joined the ITA, participating in such exchanges could assist in the smooth implementation process. Her delegation was ready to meet with China as soon as possible.

4.3 The delegate of China stated that her delegation was trying to find a solution which would be acceptable to all Members of this Committee, but unfortunately she had no additional information on this matter. She would keep the Committee informed about any further progress.

4.4 The Committee took note of the statements and agreed to revert to this matter at its next meeting.

### **5. Draft annual report of the Committee (2002) (G/IT/W/8)**

5.1 The Chairman recalled that the Committee reported annually to the Council for Trade in Goods. The draft report for this year had been circulated in document G/IT/W/8. The report was a factual summary of the work undertaken in the Committee during the year and it would need to be updated in light of the outcome of the discussions in the Committee at this meeting.

5.2 The Committee agreed to adopt the report as updated<sup>1</sup> to take account of developments at this meeting.

## **6. Other Business**

(a) Review of product coverage

6.1 The Chairman stated that the issue of the review of product coverage continued to be a matter under consultation, and he encouraged delegations to continue their efforts.

6.2 The delegate of the United States stated that in addition to the question of product coverage and potential expansion, the question had arisen about classification of some new products. Namely, how customs classification processes were proceeding and how the Committee handled cases of products which might be classified inappropriately. Her delegation had no answer at the moment, but thought that it might be an area which should be considered by the Committee as it looked at product coverage.

6.3 The delegate of India stated that on the issue of classification of these products, he presumed that consultations were still underway. For the workshop, the Committee should concentrate on the products that were already agreed to by participants as being ITA products.

6.4 The Committee took note of the statements.

(b) Date of the next meeting

6.5 The Chairman indicated that a meeting was scheduled for 16 December 2002. He proposed that he would consult nearer the time and see whether, given the progress of the Committee's work and the workload in general at that time of year, whether a meeting was necessary. If it was not proven to be necessary, then the next meeting of the Committee was scheduled to take place on 4 March 2003, subject to further confirmation. That meeting would be preceded by the workshop on EMC/EMI, subject to agreement on the funding.

6.6 The delegate of Canada stated that while his delegation appreciated that dates had been blocked for 3 and 4 March 2003 for the workshop, his delegation wished to reflect further on this date as it had a preference for holding the workshop earlier than that date.

6.7 The delegate of the European Communities stated that for his delegation it was very important to have a meeting before the workshop. Such a meeting would be useful to prepare the workshop further.

6.8 The Chairman proposed to consult on the date of the next Committee meeting.

6.9 The Committee so agreed.

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<sup>1</sup> The report was issued as G/L/577.