

# WORLD TRADE ORGANIZATION

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

### MINUTES OF THE MEETING OF 25 MARCH 1998

Chairman: Mr. M. Harvey (New Zealand)

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#### Introduction

The Chairman stated that this fifth formal meeting of the Committee of Participants on the Expansion of Trade in Information Technology Products had been convened to specifically discuss divergences in classifying information technology products. The proposed agenda for this meeting was circulated in WTO/AIR/801 on 13 March 1998. He asked if there were any other matters to be raised under "Other Business". Hearing no requests, the agenda was adopted.

He further noted, as background information for delegations, that at the last meeting of the Committee on 12 February 1998, it was proposed that a meeting of technical experts be convened to discuss the classification issues. There seemed to be two types of such classification issues at hand, first, those that related to what had been termed ITA I, and those that had been raised in the context of the Review on Product Coverage in the ITA II discussions. Therefore, this meeting had been structured in two parts as indicated in the agenda.

1. Divergences in classifying Information Technology Products pursuant to Paragraph 5 of the Annex to the Ministerial Declaration on Trade in Information Technology Products (WT/MIN(96)/16)

1.1 The Chairman recalled that paragraph 5 of the Annex to the Ministerial Declaration on Trade in Information Technology Products stated the following:

"Participants shall meet as often as necessary and no later than 30 September 1997 to consider any divergence among them in classifying information technology products, beginning with the products specified in Attachment B. Participants agree on the common objective of achieving, where appropriate, a common classification for these

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products within existing HS nomenclature, giving consideration to interpretations and rulings of the Customs Co-operation Council (also known as the World Customs Organization or "WCO"). In any instance in which a divergence in classification remains, participants will consider whether a joint suggestion could be made to the WCO with regard to updating existing HS nomenclature or resolving divergence in interpretation of the HS nomenclature."

He noted that on the basis of this mandate this issue has been on the agenda of the Committee since its first meeting on 29 September 1997; however, so far no action or substantive decision had been taken with respect to the matter. To assist delegations in this work, there were two sets of documents prepared by the Secretariat which outlined the divergences in classifying information technology products. These were contained in documents G/IT/2, G/IT/2/Corr.1, and G/IT/2/Add.1. He also pointed to a recent communication received from the World Customs Organization which was circulated in G/IT/5, as this document may provide additional information for participants on what had transpired in the WCO on these classification issues.

1.2 The delegate of the European Communities stated that it would be preferable to move to informal mode to discuss classification divergences. He furthermore proposed that the Committee first discuss divergences as they related to semiconductor manufacturing and testing equipment, and that the EC would distribute a non-paper to contribute to these discussions.

1.3 The delegates of Canada, Singapore and Japan stated their agreement with respect to moving to informal mode to discuss classification divergencies.

1.4 The delegate of Korea expressed interest in discussing the work conducted by the WCO with respect to classification.

1.5 The delegate of the United States stated that the acceptance procedures had been finalized; the first and second tariff reductions had been implemented on the 31 December 1997 and on 1 January 1998 respectively, as indicated in the US schedule of commitments.

## 2. Classification issues raised in the context of the Review of Product Coverage

2.1 The Chairman recalled that the second item on the agenda concerned classification issues raised by a number of participants in the context of the review of product coverage. These questions were raised in individual submissions contained in the G/IT/SPEC series of documents, and were also compiled in the consolidated list prepared by the Secretariat and contained in document G/IT/SPEC/15. He drew attention to a separate section of this document, titled "Clarifications on Classification" beginning on page 26.

2.2 It was agreed that for the time being the Committee would conduct discussions on classification in informal mode.

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