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

MINUTES OF THE MEETING OF 16 JULY 2003

Chairman: Mr. H. Yoshikawa (Japan)

<u>Agenda of the Meeting</u>	<u>Page</u>
1. Review of the Status of Implementation of the Ministerial Declaration on Trade in Information Technology Products (G/IT/1/Rev.28).....	1
2. Non-tariff Measures Work Programme (G/IT/SPEC/Q4/24, G/IT/SPEC/Q4/25, G/IT/SPEC/Q4/19/Rev.2 and G/IT/SPEC/Q2/11/Rev.1)	1
3. EMC/EMI Pilot Project.....	4
4. Divergences in Classifying Information Technology Products (G/IT/14/Rev.1/Add.1, G/IT/W/6/Rev.2).....	5
5. New Participants	6
6. Other Business.....	8

The Chairman stated that the proposed agenda for this meeting was circulated in WTO/AIR/2141 on 4 July 2003, and a corrigendum, WTO/AIR/2141/Corr.1 on 11 July 2003. With reference to the agenda, two items would be taken up under "Other Business": "review of product coverage", and the "date of the next meeting". 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.28)

1.1 The Chairman stated that an overview of implementation of the Ministerial Declaration on Trade in Information Technology Products was contained in document G/IT/1/Rev.28. This document showed both the participants and the implementation issues pertaining to the WTO procedures for implementation.

1.2 The delegate of Japan stated that with regard to the on-going issue regarding digital cameras which had been reported at the previous two ITA meetings, Japan was continuing bilateral talks with the country concerned and they hoped to reach an early settlement on the issue.

1.3 The Committee took note of the statement made.

2. Non-tariff Measures Work Programme (G/IT/SPEC/Q4/24, G/IT/SPEC/Q4/25, G/IT/SPEC/Q4/19/Rev.2 and G/IT/SPEC/Q2/11/Rev.1)

2.1 The Chairman stated that the Committee had continued with its work in three areas: (1) the NTM Work Programme, but noting the EMC/EMI Pilot Project would be addressed separately under the next agenda item; (2) the EMC/EMI Survey and (3) submissions on analysis and ways to proceed with the NTM Work Programme.

2.2 He recalled that at the last meeting of the Committee, it was agreed that the Secretariat would update the two overview papers as they related to the work under this agenda item. The Committee

now had before it the updated paper on the overview of responses to the EMC/EMI Survey, as contained in document G/IT/SPEC/Q4/19/Rev.2, and the overview of proposals to the NTM Work Programme, in document G/IT/SPEC/Q2/11/Rev.1. With respect to the latter document, he noted that it had not been updated since the last meeting due to the fact there had been no further submissions, and therefore there was nothing to update in the interim. Additionally, he noted that there had been two additional formal replies to the survey received and circulated since the last meeting, those were responses from Romania and the United States, and were circulated in documents G/IT/SPEC/Q4/24, and G/IT/SPEC/Q4/25, respectively. Thus, there were now 24 responses to the survey on EMC/EMI. With respect to the overall Work Programme, there had been 11 original submissions from participants on identification of NTMs which were circulated in the G/IT/SPEC/Q2 series of documents, and there had been four submissions on analysis and ways to proceed which were circulated in the G/IT/SPEC/Q3 series. 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. He also encouraged a full response to the EMC/EMI survey, so that the Committee could benefit from the information of all participants.

2.3 The delegate of Romania stated that they had transmitted their answers to the EMC/EMI Survey. They considered that it would be very beneficial to the Committee if more participants presented their responses. It had not been very difficult for Romania to do so because all its rules and regulations concerning the two aspects were in total conformity with the international standards established by ITU. It was Romania's opinion that it would be useful to continue to hold Workshops on different aspects related to NTBs because for a country like Romania, which was a developing country, an exchange of information and views on how these products were really treated in all countries could be of great use.

2.4 The delegate of the United States stated that they welcomed Romania's recent submission and noted that their own submission had been circulated to the Committee. On the NTB Work Programme, like Romania, they would like to see additional Workshops focused on some of the issues identified. The EMI/EMC Workshop had been a very useful event in terms of trying to ensure that there was an active dialogue between regulators and policy makers. It had also been useful as a means of helping Committee participants avoid some of the problems which a number of Members had spent years resolving, in what was a technical but very important area. They appreciated the opportunity to go into more depth on some of the issues in an informal workshop environment. They welcomed input from participants on which ways could be most appropriate for next steps. The United States had raised a question at the last meeting about how the Committee might assist the non-agricultural market access negotiations as possible experts in this particular field, without touching on delicate institutional questions. In this respect, Ambassador Girard had outlined his own approach to addressing NTBs in the context of the NAMA negotiations and a number of other ideas had been put on the table. She was not suggesting that the Committee should be negotiating in that forum, but she was interested in exploring how it might assist that process, should it be called upon to do so since many IT products were going to be addressed in those discussions. There might be some role for the Committee, particularly if the concept of a vertical approach were to be advanced and accepted by the membership. While the suggestion might be a bit premature, she stated it would be unusual for the Committee to focus on NTBs that affected the IT sector in isolation from the very important negotiating process that all Member governments were undertaking. She invited reactions to the suggestion for informal discussion to be held on how the Committee might proceed, as a first step.

2.5 The delegate of the European Communities thanked Romania and the United States for their submissions with regard to the EMC/EMI Survey which were very helpful and would enhance the Secretariat's overview paper. He encouraged all those who had not yet done so to also submit their replies to the questionnaire as it would be beneficial for the entire Committee membership. The European Communities was very pleased with the EMC/EMI Workshop. It had given participants a lot of insight into the issue and had provided a very useful exchange of information among experts. It had also broadened the European Communities' view with regard to the various existing procedures in

respect to EMC/EMI, whether it was on the harmonisation side of standards where they had understood that a large degree of convergence already existed or whether it was on the certification side where some work still remained to be done. Following the good experience of the EMC/EMI Workshop, they requested that similar events could be organised on other issues which were of interest with respect to IT products. Regarding the point raised by the United States on the role of the Committee in the NAMA negotiations, there would need to be some thought given to how the Committee could coordinate its work with the overall work on NTBs in the NGMA. It would be necessary to bear in mind that the IT sector, while a very important one, was only a very small part of the trade universe. The Committee could be discussing NTBs which were also applied in the same or similar manner for other products, therefore, it would have to avoid duplication of work. He suggested that the Committee reflect on how to proceed on that issue. The European Communities did not have an immediate specific approach but it would be worthwhile to focus on the issue and arrive at an integrated solution.

2.6 The delegate of Australia thanked Romania and the United States for their submissions. With regard to the points made by the United States and the European Communities about the NTB Work Programme, he stated that the mandate in the Doha Ministerial Declaration for the NGMA to negotiate to reduce and/or eliminate NTBs was a very broad mandate and there was potential for the work in the ITA Committee to complement that broader work. All participants should probably be aware that there had been some progress in the NGMA towards a commitment from all Members to submit a more detailed list of NTBs. There would be much complementarity in the work that the Members were undertaking in that fora and the NTBs that were notified to the ITA Committee. Australia strongly endorsed the suggestion that the Committee needed to avoid duplication in its work and that it needed to look creatively at how the expertise that existed within the group could contribute to the broader work of the NGMA to fulfill the very important mandate in the Doha Ministerial Declaration.

2.7 The delegate of India joined other delegations in thanking the United States and Romania for their EMC/EMI responses. Regarding the proposal made by United States and the European Communities, his delegation would like to reflect on it and revert to the issue at a later date.

2.8 The delegate of the United States stated that possible next steps on NTBs could be an issue for the Committee to reflect upon, and it could consider having another event like the EMC/EMI Workshop. She said that it would be helpful for the Committee to go back to the original document listing key NTBs and try to see if they could develop some proposals that would help move the process forward, having carried out the first step with the EMC/EMI Workshop.

2.9 This delegate of Canada thanked the United States and Romania for their responses to the survey and they repeated that it was very important that as many participants to the ITA as possible complete the questionnaire. With respect to the next step in the NTBs Work Programme, it was true that there was a certain relevance of what the ITA Committee was doing in light of the negotiations taking place under NAMA. He whole-heartedly subscribed to what the United States, European Communities, and Australia had said about the need to find a right way to complement that work and avoid overlap and duplication. It should be kept in mind that the ITA Committee was a tool that could be used in the NAMA negotiations. In that regard, and if there were NTBs that needed to be considered in the NAMA context and that required the expertise of the ITA Committee, then the Committee should be there for that purpose. On the other hand, in terms of furthering the Committee's Work Programme, which pre-dated the NAMA discussions on NTBs, the work being carried out by the Committee could have relevance for the NGMA negotiations on NTBs. In that context, he agreed with the United States' view about the need for the Committee to reflect on its next steps because this needed to be a participant-driven exercise, like the NAMA negotiations. The Committee could only make progress on its Work Programme if delegations were coming forward with ideas. Reference had been made earlier to the 11 submissions on identification of NTBs that the Committee could address. It could be useful to have more concrete ideas on how to implement Romania's

suggestion for additional workshops. It would be useful to have a certain sense of which elements could be good candidates for further examination. The main conclusion they drew from the EMC/EMI Pilot Project experience was that taking a specific example helped to show what needed to be done and how it could be achieved. It could be useful to take some other examples and see how the Committee could make concrete progress on them, bearing in mind the collective workload in the WTO.

2.10 The Committee took note of the statements made.

3. EMC/EMI Pilot Project

3.1 The Chairman stated that an EMC/EMI Workshop had been held on 23-24 April, immediately prior to the last formal meeting. The Workshop had emanated from a proposal by Canada as contained in document G/IT/SPEC/Q3/4, on the Pilot Project. There had been a request at the last meeting to have the Chairman's Summary Statement issued as a formal document in order for participants to refer to it and perhaps take further steps on the matter as part of the Pilot Project. This document had since been issued as G/IT/23. He was reverting to the matter now, since delegations would have had further time to reflect on it, in order to see what steps the Committee could take to advance the issue, if participants so desired.

3.2 The delegate of Canada stated that they were very pleased with the outcome of the EMC/EMI Pilot Project Workshop. He supported what had been said by the delegate of the European Communities, that it was a very good opportunity to bring together the EMC/EMI experts and that it illustrated the potential for further harmonisation. It had been an insightful experience to see that the real differences were not as great as might first have been imagined, but it also showed the importance of regulatory cooperation to address remaining NTBs that may impede the trade of IT products. In terms of the next steps, at the end of the workshop his delegation had indicated that it would be willing to work with other delegations to draft a paper on best practices. They were currently carrying out this work and Canadian experts were working with their US counterparts on making a contribution in that regard, which they hoped to provide by the time of the next meeting.

3.3 The delegate of the United States stated that they found the EMC/EMI Workshop very useful and that the representatives of the private sector as well as the regulatory agencies were very pleased to have been invited to participate in the event. For this particular industry, it had been of very real benefit to have the inclusion of people in the room who had some practical experience, as they had an appreciation for what the Committee was trying to achieve. It had been appropriate to have a format that included a component of dialogue with the business community. They welcomed the information that Canada would follow through on their 'best practices' proposal as it was a proposal that the United States was also very interested in pursuing and they would be very interested in working with Canada on that work.

3.4 With regard to the Workshop, they had made a number of observations which might be useful in terms of proceeding with future work. They were of the view that in looking at the particular issue it was important not to overlook administrative processes that were really barriers to manufacturers. They also shared Canada's view, as expressed at the last meeting, that the Committee should avoid unnecessary regulation and instead discuss a number of regulatory alternatives that were available. It was important to try to find a way to build on the experience of participants who had gone through a regulatory experience where they put in place burdensome processes which they then had to spend years trying to undo. A number of governments had good experiences in deregulating without losing regulator jobs, which was of concern for many. It would be useful to keep that issue in mind and try to figure out how to move forward on some of those points that might come up in the 'best practices' area. It was also important that the Committee address the challenge that a number of delegations had expressed, i.e., that with the lack of product liability or consumer safety legislation it was hard for them to undertake some of the deregulation that others were proposing. The Committee should see if

there was some way that it might suggest to do that in a less burdensome way. The United States wanted to ensure, with regard to the private sector in the IT industry, that the Committee's proposals would be pragmatic, timely and not a case of 'too little too late'. The United States remained very interested in the sector and wanted to continue working with others as they believed that the Committee could make a lot of difference.

3.5 The delegate of Romania stated that the Workshop had been very useful and interesting for her and for their specialists from capital because they not only had the opportunity to see how these things were dealt with in other countries, unfortunately only 22 at the moment, but at the same time to better understand what the Committee was trying to do with regard to trade principles, rules, and decisions that it could take. They believed that a further Workshop on EMC/EMI could be useful when a greater number of countries had submitted answers to the questionnaire. She agreed with Canada that there were not so many differences between the answers already submitted, but they were not yet sure if there was a discernable pattern emerging. They also supported Canada's proposal to prepare a paper on 'best practices' and were looking forward to working on such a project. She agreed with Canada's proposal of identifying very specific technical issues related to IT products, which could form the subject of the next project. It was very important for a country such as Romania, which did not have too many regulations and therefore did not have to deregulate so much. The only reason behind regulations should be safety and protection of the environment, and it would be beneficial if the regulations they were establishing could really encourage trade in those products.

3.6 The delegate of the European Communities stated that they had continuing interest in the EMC/EMI matter. Their perception from the Workshop was that most of the problems were in the administrative processes and they were rather confident to learn from the different regulators that quite a high degree of harmonisation already existed. However, this did not mean that they would not have to do something about the administrative processes, as they were the most important part of the problem. They had also seen that there were many reasons for the various and different administrative processes. The United States had already highlighted some of them, the fear of existing regulators losing their jobs and the absence of any product liability legislation. He also added another one, which was a functioning, after-market surveillance mechanism which was also very important. They were prepared to work actively on the matter because they believed that the products really represented very low risk, and it should be possible to come to a solution which would facilitate trade and also facilitate administrative procedures and processes. In this regard, they looked forward to the paper which was being prepared by Canada, in cooperation with the United States, so that it could be discussed at the next meeting.

3.7 The delegate of Chinese Taipei thanked Canada for their proposal and thanked the Secretariat for organising the EMC/EMI Workshop. It had been a great honour for his delegation to make a presentation on conformity assessment during the Workshop. They agreed that the Workshop had turned out to be a good success. Based on the success of the EMC/EMI Workshop they would welcome further steps in the future work and they supported the United States' suggestion of the possibility of identifying other specific elements to be discussed in the near future.

3.8 The Committee took note of the statements made.

4. Divergences in Classifying Information Technology Products (G/IT/14/Rev.1/Add.1, G/IT/W/6/Rev.2)

4.1 The Chairman stated that at the previous meeting the Committee had briefly taken up the report of the customs experts, which reflected the work that had taken place in their meeting of May last year. The report, which had been circulated in document G/IT/14/Rev.1/Add.1, gave an overview of the classification issues discussed by the experts. At the last meeting, participants preferred to have more time to examine this document and also requested that the Secretariat update its overview document, listing the outcome by various categories. This had been provided in document G/IT/W/6/Rev.2. By

means of an overview, he highlighted that a lot of good work had been accomplished and that the Committee should not lose sight of this. There were many items that had reached consensus of one or more classifications, and there were some important items that had been referred to the formal Committee for consideration. He also noted that there was one item that was recommended to be sent to the WCO for its classification opinion. Therefore, he suggested that the Committee revert to the report and the overview document in order to make progress on classification divergences.

4.2 The delegate of the European Communities stated that in his opinion the customs experts had taken the work as far as they could for the time being. He proposed a means of moving forward on those items in Lists 1(A) and 1(B) in the overview document. For Lists 1(A) and 1(B), he said that there was a consensus emerging among the customs experts participating at the meetings that one or more classifications were the correct ones. However, not all the participants were present during this work and it would be necessary to get feedback from them. He suggested that one way to move forward would be to have a procedure whereby the classifications were considered to be acceptable, even by those participants who were not present, if they did not react before the next meeting. If however, they thought it would be a good idea to revisit the issues, then the European Communities would be in favour of having an informal meeting or a customs expert meeting in advance to clean up any remaining issues for items contained in Lists 1(A) and 1(B). With regard to the item mentioned for referral to the WCO, he suggested that the Committee follow the same procedure as on previous occasions, where the Chair wrote to the WCO and asked for the Harmonized System Committee's views on the matter. The European Communities could assist the Chairman in preparing such a letter or in providing some product examples of the type of product under consideration. Other delegations particularly interested in the issue might also wish to do the same.

4.3 The delegate of Japan stated that they appreciated the efforts made by the Secretariat to prepare the minutes of the classification experts meeting which took place in May last year. Based on the outcome of that meeting, Japan found that the discussions on classification divergences made further progress.

4.4 The delegate of the United States thanked the delegate of the European Communities for the practical ideas on moving forward on the issue of classification divergences. She had no formal reaction to the suggestion made, but it would be useful to see if a pragmatic approach such as the European Communities had suggested could be used. It made sense to use some form of procedure to ensure that participants at least could indicate where they might have problems. That would help the Committee to focus its efforts. A logical next step would be to try to use a procedure such as the European Communities had outlined. While she understood the objective of trying to make progress by a silent procedure, it would be necessary to confirm that the US Customs authorities were comfortable with such an approach. It could be possible to take the first step and then find a way to confirm that outcome with one final step afterwards.

4.5 The delegate of India stated that their customs experts were examining the issue and that they needed more time to do so. He agreed that the Committee needed a pragmatic approach but they needed to look further at the issue of a silent procedure.

4.6 The Committee took note of the statements made.

5. New Participants

5.1 The Chairman stated that there had been new one schedule submitted to the Committee for consideration at the meeting, that of the Kingdom of Bahrain. The schedule of Bahrain had been circulated to all participants on 7 July in order to be taken up at the July meeting. The Secretariat had performed the electronic verification of the schedule which had shown that there were no discrepancies. That information had also been circulated along with the schedule. He believed that the Committee was now in a position to take up the schedule of Bahrain for approval.

5.2 The delegate of Bahrain thanked the Chairman and all the participants, especially the Secretariat, for their valuable assistance and cooperation during the drafting of their schedule. Bahrain was a very small country but it actively participated in the WTO activities and meetings and they looked forward to participating in the work of the ITA Committee in the future. They strongly believed that liberalisation of the trade would greatly stimulate the growth of the world economy and this would be reflected positively in all countries' economies irrespective of their size. Bahrain had recently taken a step forward by reducing its customs duties on all products, including IT products. The development of their IT sector and the desire to increase its world market share, including the inputs of such products to their industry, were the real reasons for Bahrain's request to join the ITA. They asked the Chairman and the Committee to consider Bahrain's schedule of commitments for their IT products as it had been circulated. They would assume all responsibility and commit to its implementation by starting the reduction as soon as the formality of joining the Committee had been completed. Furthermore, they proposed a staging period of five years for tariff reductions to zero percent by 1 January 2008. They were willing to respond to any inquiries or questions from the Committee participants.

5.3 The delegate of the European Communities stated that they were very pleased that Bahrain had decided to become a participant to the ITA and they fully supported Bahrain's request to be admitted to the ITA Committee.

5.4 The delegate of the United States stated that they were very pleased that Bahrain had taken this step and they were very encouraged with their initial review of the documentation. They were going through an internal clearance process and the initial responses were quite positive, therefore they hoped that they could get back directly to the government of Bahrain. They did not expect to have any questions, but as yet there was no final decision. In general, they very much welcomed the step which had been taken by Bahrain and would continue to support it.

5.5 The delegate of Egypt stated that Egypt supported Bahrain's decision and welcomed Bahrain as a participant to the Ministerial Declaration on the Expansion of Trade in Information Technology Products.

5.6 The delegate of Oman welcomed Bahrain as a new participant to the ITA agreement. Bahrain was the second GCC member to become a participant in the agreement after Oman. They expressed their full support to the delegation of Bahrain and were willing to work closely and cooperate with them in the work of the Committee.

5.7 The delegate of Romania stated it had great pleasure in welcoming Bahrain into the ITA Committee and they were prepared to work closely with Bahrain to facilitate and develop trade in IT products.

5.8 The delegate of Canada expressed their thanks to Bahrain for their interest in the ITA and for the submission of their draft schedule. Canada was favourably impressed in terms of its coverage and the staging of implementation of the ITA products. It was a clear indication of Bahrain's commitment to tariff liberalisation and its willingness to use tariff elimination as a way to attract investment. It was a very positive step demonstrating how sectoral approaches to tariff liberalisation could be used as a tool for economic development. They looked forward to Bahrain's future participation in the work of the Committee and to working closely with them on issues related to trade in IT products.

5.9 The delegate of Chinese Taipei stated that Bahrain's schedule was a good one and found it acceptable. In that regard, they welcomed Bahrain to join the ITA Committee.

5.10 The delegate of Japan stated that on behalf of the Japanese government, he welcomed Bahrain as a new participant to the ITA Committee.

5.11 The Chairman stated that since one participant was not ready to approve Bahrain's schedule today, the Committee should take up the issue at the next meeting.

5.12 The delegate of the United States asked if there was some other mechanism by which they could notify their clearance on Bahrain's schedule, which they expected very soon, as they would not want to hold up the process. If there was a problem with the schedule, that would have to be indicated, but they did not anticipate that happening.

5.13 The Chairman stated that the approval could be given, but subject to confirmation from the United States.

5.14 The Committee agreed to approve the schedule of the Kingdom of Bahrain to the ITA Committee, pending confirmation from the United States.

5.15 The Chairman welcomed the Kingdom of Bahrain as the 60th participant to the Committee. He said that in looking ahead, there were likely to be more schedules to be taken up under this agenda item at the next meeting, as there had been at least one new schedule submitted to the Secretariat for verification purposes. It was foreseen that this would be taken up at the next meeting.

5.16 After the meeting, a letter was received from the US delegation, dated 16 July 2003, whereby they confirmed formal approval of Bahrain's ITA schedule. A fax was sent to all participants on 21 July 2003, positively confirming Bahrain's participation in the Committee.

6. Other Business

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 expressed her uncertainty as to whether the review of product coverage was indeed being actively pursued or whether there were some problems that were preventing discussions from advancing. She suggested that the Committee may need to step back and think about how they could move this particular issue forward.

6.3 The delegate of the European Communities stated that he was perhaps one of the few who were participating in the discussions of the ITA II on the expansion of the product coverage. The European Communities remained very interested in the subject and there could be new possibilities arising in the near future, depending on the outcome in Cancun. This could give the Committee new possibilities and therefore it could be in a position to revisit the work that had already been carried out some time ago, and see whether it was still up to date. However, for the moment it would be better to wait and see what would happen in Cancun and the Committee could then discuss the issue at a future meeting.

6.4 The Chairman stated that the date of the next meeting had originally been scheduled for 16 October 2003 but due to other factors and scheduling of meetings, he proposed that the Committee hold its next meeting in early November, and that the exact date of the next meeting be settled in consultation with delegations and also in light of the scheduling of other meetings.
