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

MINUTES OF THE MEETING OF 23 OCTOBER 1998

Chairman: Mr. M. Harvey (New Zealand)

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Introduction

The Chairman stated that the proposed agenda for this meeting was circulated in WTO/AIR/950 on 19 October 1998. He asked if there were any other matters to be raised under "Other Business", and said he would take up the date of the next meeting of the Committee under this agenda item. With that addition, the agenda was adopted.

1. Request for Observer Status from the OECD

1.1 The Chairman recalled that before the previous meeting the Committee had received a request for observer status from the OECD. Participants had indicated that more time was needed to examine it. Therefore, he now put this issue again before the Committee today and asked whether Participants were in a position to approve this request for observer status.

Hearing no comments from the floor, the Chairman stated that the request was approved.

2. Review of the Status of Implementation of the Ministerial Declaration on Trade in Information Technology Products (G/IT/1/Rev.7)

2.1 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 document G/IT/1/Rev.7. As shown in this document, implementation seemed to be proceeding as envisioned under the Ministerial Declaration. He recalled also that Estonia had submitted a revised ITA schedule on 26 March 1998 in the context of the implementation of nomenclature changes. Although Estonia was not yet a WTO Member, the Committee agreed to circulate the document and follow a procedure similar to the formal process for rectification or modification of tariff schedules. He further noted that no participant had voiced any concerns during the 3 month period following circulation, and therefore this revised schedule should replace the original schedule of Estonia and become the official ITA schedule of Estonia.

Hearing no objections from the floor, the revised schedule of Estonia was approved.

3. Review of Product Coverage

3.1 The Chairman recalled that at the end of the last meeting the Committee agreed that he would consult with delegations by the end of September in order to assess the situation as it then stood. On 30 September, he had circulated a letter informing participants that his consultations indicated that participants were still discussing some of the difficult outstanding issues. He had encouraged everyone involved in the process to continue the constructive discussions with a view to finding solutions to the key blockages before bringing the negotiations back to Geneva. Furthermore, he had proposed to hold a formal meeting on 23 October 1998.

Since the issuance of his letter, the Chairman had continued to consult with a number of delegations. These consultations had led him to believe that a deal could be achieved, but there were still a number of outstanding issues to be resolved. He was encouraged that delegations were communicating and exchanging views and proposals, as this was the only way to proceed. While he believed that this process should continue so that a mutually agreeable solution could be reached, he noted that this process could not continue forever. He did not see the need for large amounts of additional time, but rather for a sense of will and flexibility in order to secure a modest addition to ITA I. Therefore, he proposed that the Committee reconvene on 19 and 20 November 1998, so as to provide an additional few weeks for outstanding issues to be addressed and for possible solutions to be identified. A formal meeting would be scheduled for Friday November 20 to assess the outcome of the review of product coverage. He asked to hear delegations' views on this matter, either on the assessment of the situation or on how to proceed.

3.2 The delegate of the European Communities, referring to the Chairman's consultations on the matter since the last meeting in July, thanked the Chairman for his efforts. While his delegation did not have high expectations at the moment, they accepted the idea that it would not be wise to reopen the discussions today. He stated that the EC remained bound to the objective and were firmly decided to pursue contacts at all levels with the principal parties interested in order to reach a satisfactory result. The parameters of the exercise as well as the requirements and sensitivities of all participants were well known. His delegation had always clearly expressed the limits they placed on the negotiations, particularly in view of the definition given to information technology products. They had listened with great attention to the positions voiced by other participants and were prepared to consider constructively a package of products that would be as consistent as possible with the definition. They looked forward to a last effort in bringing the negotiations to a successful conclusion as outlined by the Chairman.

3.3 The delegate of Canada thanked the Chairman for his consultations and the report. His delegation, too, was prepared to reengage in November to see if it was possible to achieve a final ITA

II package. It was prepared to be constructive and positive in this respect and to try to contribute to this process by specifying in greater detail their particular interest in two areas—radar equipment and panel boards (proposal 132). His delegation was prepared to be flexible with respect to the products contained in the 31 July 1998 assessment, and their flexibility would require others to be flexible as well. His delegation did not rule out the possible inclusion of other products that others may propose as a way of contributing to a final package. His delegation would submit its revised lists soon.

3.4 The delegate of Malaysia thanked the Chairman for his consultations, and noted that Malaysia had shown great flexibility. As concerned products on the A-1 list, his delegation had expressed a willingness to remove loudspeakers, color TVs, and black and white picture tubes. All other products from their original request remained on the table. He stated that his delegation had shown significant flexibility also with respect to PCBs where Malaysia could be flexible provided it would get the time-period for extended implementation in accordance with its developmental needs. His delegation had no objection to having one more try, and expected their trading partners to show similar flexibility. He referred to statements made in the special session of the General Council with respect to the Asian financial crisis, and specifically to the statements made by trading partners about the need to provide market access and to keep markets open. If there was no flexibility shown by its trading partners, his delegation did not see any chance of success. He reiterated that Malaysia had shown sufficient flexibility and could not move any more. Other participants needed to show similar flexibility in order to conclude these negotiations.

3.5 The delegate of India thanked the Chairman for his initiative in bringing the negotiations to where they were today. Her delegation believed that the Chairman's efforts in this regard had been sincere. While she would not reiterate India's concerns in this area, as they were well known, she briefly recalled that the mandate of the ministers at the Singapore Ministerial was forward looking with respect to products that were directly related to information technology. It was India's view that in looking at Attachment A-1, it contained a number of products that were not IT products and which were amenable to multiple or dual use; it was important for India to exclude through appropriate definition the multiple or dual use elements so that only information technology products are included in the agreement. However, India was willing to work with its partners in a very constructive spirit during the November consultations.

3.6 The delegate of Japan also thanked the Chairman for his efforts in the progress made thus far. Considering the key role of trade in information technology products in the development of information industries and in the dynamic expansion of the world economy, it was important that the current negotiations on the expansion of product coverage succeed successfully. His delegation believed that the negotiations had come close to agreement, as was pointed out in the Chairman's letter, and he encouraged all delegations to continue discussions with a view to finding solutions to the key blockages. But in order to achieve a successful conclusion rapidly, it was essential that concerned parties show maximum flexibility. Japan had always shown maximum flexibility on product coverage as well as staging. His delegation strongly urged all delegations to redouble their efforts to achieve a successful conclusion in the very near future.

3.7 The delegate of the United States stated that since the last meeting of the Committee his delegation had been conducting consultations with industry and bilaterally with other ITA participants with a view to moving the process forward. It was clear to them, from the contacts they had, that participants saw a successful conclusion to the negotiations as important and a win-win situation for everyone involved. His delegation was considering carefully the package that had emerged in July and the issues that delegations raised with respect to product coverage. They thought that progress had been made in identifying problems and finding solutions that would support further consultations throughout the month leading up to another meeting in mid-November. He believed the prospects for reaching an agreement were high and his delegation was committed to engaging in further bilateral discussions to secure a result that could be supported by consensus. The revised consolidated list of proposals of 31 July already contained an important number of solutions, for example concerning

photocopiers and connectors. This was reached during the last session of the Committee and addressed some concerns of delegations which could lead to a final package. He pointed out that in the month of November, prior to the meeting date proposed, there were other meetings, such as the Transatlantic Business Dialogue and APEC, that could contribute to a successful conclusion of these negotiations. The US was ready to work towards a successful conclusion by the dates suggested by the Chairman.

3.8 The delegate of Norway expressing his appreciation to the Chairman for his efforts to bring the negotiations to a successful completion, said that Norway remained committed to reaching a successful outcome of the ITA II negotiations. His delegation believed it had invested too much time and effort to let the negotiations fail. It concurred with the Chairman's assessment that it was possible to achieve a limited but balanced package as a result of the negotiations. Norway's concerns were well known to participants; it was willing to work with others to reach a mutually satisfactory outcome.

3.9 The delegate of Switzerland thanked the Chairman for his guidance throughout this process which had now reached a critical stage. Certain areas had been identified by some as being crucial for the success of ITA II and these were well known to everyone. His delegation was confident that these divergences could be overcome with the necessary flexibility of participants concerned. So far, Switzerland and others had shown flexibility in the negotiations. From the Swiss point of view, the Chairman's assessment was acceptable, including the list of PCBs, and with the necessary flexibility of all ITA participants this could be a basis for consensus, both in terms of product coverage and staging. However, if there was no success in finding a package at the end of November, it would be difficult to bridge the existing differences with additional time.

3.10 The delegate of Australia, commending the valuable work of the Chairman, said that Australia remained committed to a somewhat reduced but balanced outcome for ITA II. His delegation would actively engage in dialogues with their partners and be as constructive and flexible as possible.

3.11 The Chairman stated that he was encouraged by the comments made today and that the remaining elements to be resolved in an ITA II package had been identified. Participants had clearly set out their expectations and reflected their constraints. He saw no reason why the Committee could not reach a modest but well balanced addition to the ITA agreement by 20 November if there was sufficient will and effort shown by all participants.

4. Consultations on Non-tariff Barriers (G/IT/4, G/IT/SPEC/Q1/1-21)

4.1 The Chairman stated that he had put this item on the agenda today to remind delegations where things stood on this matter after having focused exclusively on the review of product coverage in previous formal sessions. He noted that there were a number of proposals put forth at previous meetings with respect to non-tariff barriers. These concerned standards-related matters and import licensing practices, specifically as they related to IT products. The Committee had agreed to conduct a survey on standards-related matters which was formally circulated on 19 February 1998 in document G/IT/4. The deadline for submissions was 15 April 1998 and he noted that the Secretariat had received twenty-one formal responses to the survey from Australia; Canada; Chinese Taipei; Czech Republic; European Communities; Estonia; Hong Kong, China; Iceland; Israel; Japan; Korea; Macau; New Zealand; Norway; Philippines; Poland; Slovak Republic; Singapore; Switzerland; Turkey; and the United States. As the deadline was many months ago, he hoped those participants that had not yet made the necessary notification would do so soon, as this survey comprised an important aspect of the work in this area. Furthermore, he noted that the responses to the survey had been circulated in the G/IT/SPEC/Q1 document series.

4.2 The delegate of Thailand informed the Committee that the notification would be delivered shortly.

4.3 The delegate of Australia, thanking those delegations that had responded to the survey, noted that discussions of non-tariff barriers was given the same weight as product coverage in the Annex to the Declaration.

4.4 The delegate of Canada also thanked those delegations that had submitted responses. He saw this as an important area of work. His delegation had indicated previously that it was preparing a paper on import licensing and hoped to present it in the near future.

4.5 The delegate of the European Communities encouraged those delegations that had not yet provided answers to the survey, to do so. At a future meeting the EC looked forward to discussing this matter further.

4.6 The Chairman thanked delegations for their comments and noted the continuing interest in carrying this work forward.

5. Divergences in Classifying Information Technology Products (G/IT/2, G/IT/2/Corr.1, G/IT/2/Add.1)

5.1 The Chairman recalled that the Committee had addressed divergences in classifying information technology products at previous meetings. He stated that some progress had been made on this matter, specifically in the work relating to semiconductor manufacturing and testing equipment. Because many delegations were focusing on the review of product coverage, this part of the Committee's work was left aside during the negotiating sessions during the summer. However, he took this opportunity to remind delegations of the valuable work that had already been accomplished and to stress the importance of continuing this work. While this session was probably not the appropriate time to address this matter, he hoped that the Committee could agree to take up this matter at the next formal meeting after the conclusion of the negotiations on the review of product coverage.

5.2 The delegate of the European Communities thanked the Chairman for reminding the Committee of this matter as the EC was greatly interested in the subject and was looking forward to getting back to this matter.

5.3 The Chairman stated that the Committee would take this matter up at the earliest opportunity following the completion of the review on product coverage.

6. New Participants

6.1 The Chairman noted that there had been no new or revised schedules submitted to the Committee since the last meeting. The status of the schedules of China, Latvia, and the Kyrgyz Republic had not changed and remained before the Committee. However, he noted that there had been some developments in the accession process for Latvia and the Kyrgyz Republic and asked if these delegations had any further information as to when they would be in a position to become participants in the ITA.

6.2 The delegate of Latvia recalled that Latvia, because of domestic legal procedures, would implement its ITA schedule upon its accession to the WTO together with other commitments and concessions on goods made during the accession process. For this reason, Latvia's ITA schedule was incorporated in Latvia's schedule of commitments on goods. On 14 October, the General Council adopted the Protocol of Accession of Latvia to the Marrakesh Agreement establishing the WTO with the schedule of concessions on goods annexed to it. According to the domestic legal procedures of Latvia, the Protocol of Accession of Latvia and the Schedules annexed to it were subject to ratification by the parliament of Latvia. In accordance with the WTO procedures, the Protocol would enter into force on the

thirtieth day after acceptance by Latvia, which shall not be later than 1 May 1999. Accordingly, on the same day, the ITA schedule of Latvia would be implemented. Her authorities were prepared to give advance notice to the Committee when the domestic legal procedures in Latvia would be completed to enable the Committee to take the appropriate decision concerning ITA membership.

6.3 The Chairman welcomed the statement of Latvia and stated that the Committee would look forward to the Latvia's advice in the future about the approval of its schedule and implementation, and at that point he envisioned that participants would formally accept Latvia's membership in the ITA.

6.4 The delegate of the Kyrgyz Republic stated that the Protocol of Accession of the Kyrgyz Republic was also before the parliament of the Kyrgyz Republic and was awaiting parliamentary approval. He expected that it would be approved around mid-November and the Kyrgyz Republic would make the necessary provisions for the ITA in early December.

7. Other Business

7.1 The Chairman proposed that the Committee meet in a formal session on 20 November 1998 to continue negotiations on the review of product coverage. He also envisioned that delegations would meet bilaterally and plurilaterally and that there may be a need to meet informally on 19 or 20 November as well. He would inform delegations of any informal meetings as things developed. Hearing no objections, it was so agreed.
