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Committee on Market Access

**MINUTES OF THE MEETING HELD ON 20 OCTOBER AND 5 DECEMBER 2003**

Chairperson: Jo Lomas (United Kingdom)

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The above agenda as reproduced in document WTO/AIR/2191 dated 10 October 2003 was adopted with the inclusion of one item under "other business": the date of the next meeting. An annotated agenda was circulated in an informal document (JOB (03)/197) dated 9 October 2003. The meeting was suspended on agenda item (3), on the subject of the HS2002 "collective" waiver and resumed on 5 December 2003.

**1. Periodic report of the Committee to the Council for Trade in Goods including factual information on waivers expiring on 31 October 2003 (G/MA/SPEC/24)**

1.1 The Chairperson drew the attention of the Committee to document G/MA/SPEC/24 which contained the draft periodic report of the Committee on Market Access. This report, which would be finalized in the light of the discussion to take place in the meeting, would be submitted to the Council for Trade in Goods for examination. As was customary, the report contained in its Annexes I and II, tables summarizing factual information on the waivers under process submitted by the Members

concerned. In this context, the Chairperson requested the Committee to take note of the requests that had been presented by these Members concerning their respective waivers and of the reasons for doing so. All the waivers would expire on 31 October 2003.

1.2 As noted in Annex I of the document G/MA/SPEC/24, to date Israel and Thailand had requested waiver extensions in connection with the introduction of HS96 changes to their schedules of concessions. Factual information had been provided by those Members concerning their requests and draft decisions had also been circulated.

1.3 The representative of Morocco stated that it had submitted a waiver request in connection with the introduction of HS96 changes to its schedule of concessions which would expire at the end of October 2003. One Member still had a reservation outstanding on the documentation submitted by Morocco and if this reservation was not withdrawn between now and the end of the month Morocco planned to submit a request for a further waiver extension.

1.4 The Chairperson thanked the delegate of Morocco for the updated information.

1.5 The representative of the United States stated that they were in a position to drop their reservation on Morocco's documentation and thereby move the process forward. They would communicate the lifting of the reservation to the Secretariat soon.

1.6 The Committee took note of the comments made and agreed to forward the draft decisions to the Council for Trade in Goods.

1.7 The Chairperson stated that details concerning Sri Lanka's request for a waiver extension for the purpose of establishing a new schedule was contained in Annex II of document G/MA/SPEC/24. The request and the draft decision related to this extension had been circulated.

1.8 The Committee agreed to forward the draft decision to the Council for Trade in Goods.

## **2. Submission of HS96 documentation (G/MA/TAR/2/Rev.31)**

2.1 The Chairperson drew the Committee's attention to document G/MA/TAR/2/Rev.31 which reflected the present situation concerning the submission of required documentation. From the document, it could be noted that the submissions of seven Members remained pending due to ongoing consultations and/or negotiations.

2.2 She indicated that at its last formal meeting held on 26 March 2003, the Committee had agreed to hold an informal meeting to review the status of HS96 submissions based on the informal list prepared by the Secretariat. Unfortunately, it had not been possible to hold this meeting due to the shortage of staff in the Market Access Division and the heavy work load in the run-up to Cancun. However, she proposed that such a meeting be held at the end of November, when there would be a full complement of staff. If agreed, a Revision of the informal list detailing the situation of HS96 submissions would be issued by the Secretariat along with the fax convening this meeting.

2.3 The Committee so agreed.

## **3. Submission of HS2002 documentation (G/MA/TAR/4/Rev.4)**

3.1 The Chairperson referred to document G/MA/TAR/4/Rev.4 which reflected the situation with respect to the circulation of HS2002 documentation. She recalled that 28 Members were given waivers through a "collective decision" in order to introduce these changes to their respective

schedule of concessions. The draft waiver decision was adopted by the General Council on 12 December 2002 (WT/L/511). The waiver began on 1 January 2003 and would expire on 31 December 2003. It would be difficult to complete the exercise within the time-limit of the waiver and there would likely need to be an extension of the waiver. In this regard she proposed to suspend the meeting on this item to allow for informal consultations.

3.2 The representative of Canada stated that his delegation could agree to the Chair's suggestion. His delegation had examined document G/MA/TAR/4/Rev.4 and noted there was still a lot of work to be done. They also had some questions that required clarification from the Secretariat. For example, five Members had already made a first submission subsequent to the adoption of HS2002 indicating the resulting changes to their schedules. Electronic verification sheets had been prepared by the Secretariat and those five Members had then submitted a new set of documentation to the Secretariat. Canada's question was at what point in the process should delegations make reservations on documentation submitted by Members. In Canada's case, a first set of documentation had been submitted in January 2002, the Secretariat had circulated a verification sheet in February 2002 and since then Canada had submitted two further sets of documentation. Canada wanted to know when Members could enter a reservation on the subsequent documentation submitted by Canada. Whether it could be immediately following circulation of Canada's documentation, or after circulation of the verification sheet. Canada had some difficulty in following the procedures established and it would be very useful if the Secretariat could shed light on those aspects.

3.3 A member of the Secretariat (Ms. D. Probst) stated that the procedures were not as clear as they could be on the particular question of when to raise concerns, although it was clear that any delegation could raise specific queries with respect to other schedules at any point in time. In addition, she said that Secretariat verification would not encompass certain HS tariff lines and it was the responsibility of Members to undertake verification on these lines. It was her belief that during discussions of this issue in the Committee, an informal understanding had been reached that, at least for the first phase, Members would not submit additional queries until after the Secretariat's verification sheet had been circulated so as to avoid redundant queries.

3.4 The representative of Canada thanked the Secretariat for the clarification. It had been Canada's understanding as well that Members should wait for the circulation of the verification sheet before submitting reservations while retaining the right to submit a reservation at any time. They required clarification however, on how Members would know that the technical work had been completed, whether they should wait for further verification sheets to be issued or whether the Committee would be notified through other means.

3.5 A member of the Secretariat (Mrs. D. Probst) stated that a lot of the work on the HS2002 process had been postponed of late but there would be an informal meeting near the end of November to take up the issue and any further concerns that Members might have.

3.6 The representative of Japan stated that his delegation had submitted to the Secretariat on 3 October 2003 a second corrigendum to the draft modifications and rectifications to Japan's schedule (G/SECRET/HS02/JPN/1/Corr.2). The contents of the corrigendum were purely of a technical nature and did not substantially alter the contents of the draft schedule. His delegation would be pleased to answer any questions Members might have on Japan's documents listed in G/MA/TAR/4/Rev.4. Japan had mentioned several times in previous meetings that following certification by the Director General, Japan's schedule incorporating HS2002 changes had to be submitted to the Diet for its approval before entering into force. Therefore, Japan requested the Secretariat to expedite the electronic verification of Japan's schedule in accordance with the procedure described in document WT/L/407.

3.7 The Chairperson thanked Japan for the new information regarding their draft schedule. With regard to the HS2002 changes, she hoped to be able to move on with the process quite rapidly and deal with it at the end of November.

3.8 The representative of the United States sought clarification that the meeting proposed for the end of November would cover outstanding issues for both the HS96 and HS2002. It would be important to the degree that if the trade negotiations were successfully concluded there would be an attempt to capture the results in HS2002. The United States was prepared to put more energy and effort into the HS2002 process and while understanding the constraints the Secretariat had been under, they hoped the Committee would soon be able to move forward on the issue.

3.9 The Chairperson confirmed that the intention was to deal with both HS96 and HS2002 changes at the informal meeting at the end of November.

3.10 The representative of Australia stated that as a result of only five electronic verification sheets being issued by the Secretariat, the last one being issued in March 2002, there had been no multilateral reviews of Members' submissions over the last 18 months, and the process of introducing the HS2002 changes to the schedules of concessions envisaged in the agreed procedures had been at a standstill. Australia wished to know from the Secretariat whether the situation had been resolved with regard to the resource situation and when processing might be revived and the next multilateral review held. He pointed out one minor correction to G/MA/TAR/4/Rev.4, that the footnote reference to Australia should be footnote 2, and not 1, as stated in the document.

3.11 A member of the Secretariat (Mrs. D. Probst) stated that there would be a full complement of staff in November. A number of verification sheets were almost ready and would be circulated together.

3.12 The Committee took note of the statements made and agreed to suspend the meeting on the subject of the HS2002 "collective" waiver in order to hold informal consultations.

3.13 On 5 December 2003, the Committee resumed the formal meeting.

3.14 The Chairperson recalled that 28 Members had been granted waivers through a collective decision in order to introduce HS2002 changes domestically and to subsequently undertake the exercise of introducing those changes to their schedules of concessions. She advised the Committee that Brazil had now requested to be covered by that waiver and had submitted its HS2002 documentation which would be circulated as G/SECRET/HS02/BRA/1. The "collective" waiver which had begun on 1 January 2003 would expire on 31 December 2003. The HS2002 work was still ongoing and it would not be possible to complete the exercise by 31 December 2003, therefore the waiver needed to be extended. The Secretariat had drafted a waiver decision which was faxed to all delegations along with the fax convening this meeting. This decision would extend the current waiver until 31 December 2004.

3.15 The representative of the United States stated that while, under these circumstances, her delegation could support the extension of the "collective" waiver for an additional year, it hoped that by the end of 2004, Members would be in a position to revert to the policy of specific waiver requests.

3.16 The Committee approved the draft waiver decision contained in the informal document (subsequently circulated as G/C/W/477), and agreed to forward it to the Council for Trade in Goods for Goods for approval.

#### **4. Modalities and operation of the Integrated Data Base (IDB)**

*(i) Status of submission of the required documentation (G/MA/IDB/2/Rev.17)*

4.1 The Chairperson stated that document G/MA/IDB/2/Rev.17 had been circulated to all Members. This document presented the situation of IDB submissions as of 9 October 2003. Since the finalisation of that document, a submission had been received from Jordan for its 2002 imports. The IDB now covered 122 Members and six countries in accession. Compared to the last Report in March 2003 this was an increase of two Members and two countries in accession.

4.2 She reminded the Committee that the deadline for furnishing the 2003 tariff information was 30 March 2003, and for the 2002 import information the deadline was 30 September 2003. However, she encouraged delegations who may not yet have done so, to submit their tariff and import information to the Secretariat.

4.3 She also pointed out that the format of the Status of Submissions (G/MA/IDB/2/Rev.17) had been changed slightly in order to increase transparency and improve the presentation of the information with respect to the situation of IDB submissions and their dissemination. The report on the work done on the IDB would be faxed to all Heads of Delegations after the meeting and would be included in the minutes of the meeting (Annex 1).

*(ii) Report by the Secretariat*

##### IDB Dissemination

4.4 A member of the Secretariat (Mr. J. Richter) stated that the Secretariat continued to load information onto the IDB Internet File Transfer Facility on a monthly basis. As of 31 September 2003, files for 93 Members and five acceding countries or territories were available on the IDB web site. Two copies of Release 10 of the IDB CD-ROM had been distributed to each delegation in July 2003. The CD-ROM contained information for 84 Members and five countries in accession. Delegations wishing to receive extra copies of the CD-ROM could contact the Secretariat.

4.5 The format of the Status of Submissions document (G/MA/IDB/2/Rev.17) had been changed to increase transparency with respect to the situation of IDB submissions and their dissemination in the following way:

- Members that had not yet contributed to the IDB were now listed together with those Members that already contributed to the IDB. At present, only 24 Members had not yet made any submissions;
- Submissions that had been disseminated contained a "Yes" entry, while those that had not yet been disseminated were flagged with an asterisk \* (Yes\*). Problems and delays in the dissemination of IDB submissions were usually due to incomplete data or difficulties in converting the submissions to IDB database format; and
- to improve the visual interpretation and to highlight data gaps more clearly, the "No" entries had been replaced by a dash ("-"). "Not Applicable" was now indicated by "n.a".

4.6 Use and publication of IDB and CTS data since the March 2003 meeting of the Committee:

- Based on CTS and IDB data the Secretariat had prepared detailed simulations for the Negotiating Group on Market Access, background statistics for the Chairman of the Negotiating Group on Market Access, and ad hoc data files for a number of Members;
- IDB and CTS data were used to contribute to the 2003 World Trade Report and to the LDC market access study.

### Technical Assistance

4.7 Since the March 2003 meeting of the Committee, the Secretariat had undertaken four regional workshops. Two additional regional workshops were planned for the remainder of the year. The collection of additional IDB submissions, which had always been a major objective of the regional workshops, had unfortunately netted only very limited results. Three national IDB activities from the 2003 TA plan were still outstanding and Members were being contacted to arrange, if still required, national workshops. Several workshops were also organised during the Geneva Week to present the IDB analytical software. For 2004, it was planned to have four regional workshops on NAMA issues and five technical workshops for national experts, who would be trained in the use of software tools. Concerning Members that had problems in preparing IDB notifications, it was foreseen to organize national missions. Those national missions would be arranged in accordance with the provisions outlined in the 2004 Technical Assistance Plan (WT/CPMTD/W/119).

### IDB software development

4.8 A member of the Secretariat (Mrs. J. de Verteuil) stated that the fourth release of the IDB Internet Analysis Facility (IAF) (<http://iaf.wto.org/>), was deployed in April 2003. The IAF allowed users to browse the IDB on-line over the internet and to interactively compile seven different reports based on flexible product selection criteria. Last June, the latest report, Total AMS Reduction Commitments by Member, was implemented. This report was sourced from the CTS database. To date, users from 76 countries had used the facility, some of them quite extensively.

4.9 Since May, the Secretariat had been working on introducing a multi-language capacity in the IAF, to facilitate its usage by French and Spanish speakers and on the creation of a "portable" version of the IAF, which would operate from a "snapshot" of the database distributed on CD-ROMs thus avoiding the need for internet access to use the IAF. The programming work on both these projects was quite advanced and should be completed around the end of the year.

4.10 The Secretariat had commissioned the development of a new product selection panel for the IAF, which contained features to search for products by HS codes or by text strings. Once this was implemented, users would no longer need to download and install the Java plug-in, which was presently required for IAF product selection. An interface for query selection criteria for the CTS data base had also been developed. The data extraction modules had been programmed and once they had been tested, CTS reports would be developed incrementally, starting with tariff concessions.

4.11 The Secretariat had held a demonstration of the IAF for delegations last May. Additional presentations of the software could be organised if there was interest amongst delegations.

4.12 The Chairperson reminded Members of their WTO notification obligation and emphasized the importance of IDB submissions for a wide range of WTO work. As could be seen from G/MA/IDB/2/Rev.17, there was still a lot of outstanding information to be submitted. With respect to the status of submissions, she would remind those delegations in writing of their specific outstanding notifications, in particular those who had never submitted any information and those who had significant gaps of information.

4.13 The Committee took note of the Secretariat's report.

## **5. Consolidated Tariff Schedules Database**

5.1 The Chairperson invited the Secretariat to make a brief report. The full report would be faxed to Heads of Delegations and would be included in the minutes of the meeting (Annex 2).

(i) *Report by the Secretariat*

5.2 A member of the Secretariat (Mr. J. Richtering) stated that since the March meeting of the Committee, IDB/CTS staff had continued their work in the following areas:

- Updating Members' files with rectifications and modifications of schedules.
- Creating CTS files for newly-acceded Members.
- Incorporating Members' comments in their CTS files.
- Extending the link between the CTS and the IDB for Members that had recently provided their 2001 IDB submissions. Thus far, link tables had been prepared for 61 Member countries.

5.3 The IDB/CTS correlation tables ("link" tables) related each tariff line in the CTS to the corresponding tariff line(s) in the IDB for a specific year. These correlation tables could be used to incorporate the final bound duties from a Member's CTS file into its IDB tariff file. The inclusion of CTS final bound duties in the IDB would allow Members to use the IDB analytical software to analyze bound and applied duties. However, for most Members, such an incorporation would require a further disaggregation of the national tariff nomenclature in the IDB, in order to include the more detailed (or simply different) product breakdown that often existed in the CTS. Should Members wish to have the CTS final bound duties included in their IDB files, further discussions would be required to elaborate technical and administrative procedures for such an incorporation.

5.4 All changes and additions to the CTS files (including the link tables) had been disseminated to Members via the CTS areas of the IDB File Transfer Facility. Release 2 of the CTS CD-ROM was issued in July 2003, at the same time as Release 10 of the IDB CD-ROM. It was planned to distribute Release 3 by the end of the year.

5.5 The representative of the European Communities stated that the European Communities were aware that the CTS and the IDB data bases were very important tools and that Members should try to make the most of them. However, he fully endorsed what had been said by the Secretariat with regard to the link between the IDB and the CTS. The European Communities had experienced the same problems as had been described by the Secretariat, in so far as they would need a further disaggregation of the CTS in order to create the link with the IDB. As it was a very technical matter, his delegation fully supported the idea of having a further technical discussion to elaborate administrative procedures in order to better create this link, something which would be helpful to all Members.

5.6 The Chairperson thanked the European Communities for their suggestion. She proposed holding an informal meeting on those technical issues at the same time as the discussion on the HS96 and HS2002 verifications.

5.7 The Committee took note of the Secretariat's report and the statement made.

## **6. Dissemination of the IDB and the CTS Database - Communication from the International Textiles and Clothing Bureau (ITCB)**

6.1 The Chairperson stated that on 12 June 2002, the Committee had adopted document G/MA/115 containing the dissemination policy of the IDB and CTS databases. Certain organizations

(UNCTAD, IMF, World Bank and ITC) were given automatic access to these two databases. However, the Committee agreed that other intergovernmental organizations wishing to have access would need to obtain approval from the Committee on a case-by-case basis. This decision was contained in paragraph 5 of document G/MA/115.

6.2 The Committee had before it a request for access to the two databases from the ITCB contained in document G/MA/W/48. The ITCB had undertaken to use and publish the information contained in these databases in accordance with the terms and conditions laid out in document G/MA/115.

6.3 The Chairman asked whether this request could be considered positively.

6.4 The representative of the United States stated that as these important data bases had been compiled for WTO purposes they had hoped efforts to share the data would also ultimately benefit the WTO. Therefore, the issue arose of what those institutions seeking access to the data, beyond the international institutions to which the Committee had already given access, were willing to provide that would benefit the WTO and its membership. The United States wished to have some sense of what data the ITCB had available and whether they were in a position to share that data. The process of granting such institutions access to the WTO databases could be used to obtain data that were currently unavailable to WTO Members.

6.5 The Chairperson stated that she could write to ITCB and put the United States' question to them.

6.6 The representative of the United States stated that that would be acceptable. They wished to establish that the process of granting access to the databases would be based on what the applicant organization could provide to the WTO in terms of data.

6.7 The representative of Cuba stated that his delegation considered it reasonable to grant the ITCB access to the IDB and CTS data. He pointed out that the ITCB already had observer status in the Market Access Committee and in the CTG. It was an inter-governmental organisation of textiles exporting developing countries that gave aid to these countries, which were WTO Members, to enable them to actively take part in WTO discussions. For that reason, Cuba considered it relevant that an organization which contributed to ensuring that developing countries could take part in any forum of the WTO, should be granted access to the databases, as had been done with regard to other organizations.

6.8 The representative of Pakistan stated that his delegation fully supported the request received from the ITCB which had agreed to the use and publication of the IDB and CTS information as set out in G/MA/115. It was up to the ITCB to respond to the question posed by the delegate from the United States, but Pakistan believed that the ITCB had played an important role for its members, which were developing countries. Having access to the database could definitely facilitate and help the working of the ITCB.

6.9 The representative of India stated that her delegation joined with the previous two speakers in supporting the request made by the ITCB. As had been pointed out, ITCB's request contained the answer to the question posed by the United States' delegate. The ITCB had been doing some very useful work and access to the database would enhance their capability to provide all kinds of technical assistance to its members. She recalled that at its last meeting the Committee had endorsed a similar request for access by the OECD and she did not recall a similar question being put to them by any Member regarding what data they could give in return. Also, the ITCB had said in their request that they would abide by the conditions laid down in G/MA/115.



6.10 The representative of Bangladesh stated that his delegation joined the previous speakers in supporting the ITCB's access to the IDB/CTS databases as the organization was providing useful information to its members, which included Bangladesh.

6.11 The representative of Egypt stated that his delegation also supported the ITCB request and urged other delegations to deal with the request positively.

6.12 The representative of Hong Kong, China stated that his delegation associated itself fully with the statements made by Pakistan, India, Bangladesh and Egypt and supported the request made by the ITCB. With regard to the United States' question as to the contribution to be made by the ITCB in return for access, the ITCB was an organization of over 20 developing textile and clothing exporting members that constituted one sixth of the WTO membership. In the past, the ITCB had always provided very useful input to its members in undertaking analysis of different aspects of WTO work, including the ongoing negotiations on market access. The membership as a whole stood to benefit from the ITCB's request being granted. He also took note of India's statement that the Committee had approved a request by another organization at the last meeting without any problem.

6.13 The representative of the Philippines stated that she was a little surprised that the ITCB request was not progressing smoothly. At the last Committee meeting there had been a request from the OECD for access and there had been no question put to them regarding what data they could offer in return. Therefore, she wanted to understand clearly what the United States was asking at this point and whether the Committee was now putting in place a new criteria for approving requests from other international organizations. If the Committee had not requested anything from the OECD then there should be no impediment to agreeing to the request from the ITCB.

6.14 The representative of the United States stated that she was suggesting that the Committee consider the request from the ITCB and any further requests for access to WTO data, in terms of what the initiative would provide to the WTO in terms of data. It was clear that the OECD secretariat had an enormous amount of data to contribute. However, in this particular instance, it was not clear what contribution the ITCB could make. The United States was not trying to add additional criteria, the question was whether those requesting access to the WTO database had their own data to contribute to the WTO or not. While many WTO Members had provided up to date data, many others had not and she wished to have an incentive to encourage the provision of more data into the WTO.

6.15 The Chairperson thanked the United States for the clarification.

6.16 The representative of Thailand stated that she had also expected the request from the ITCB to progress smoothly. The Committee had not posed similar questions to other international organizations which had received access and she did not believe that the Committee should now lay down such conditions. In their request, the ITCB had agreed to the conditions of the use and publication of the IDB/CTS and this was the condition for use that the Members had established in the first place. The ITCB was an international organization of developing countries and it had provided a lot of technical assistance to Thailand in the negotiation process. Thailand fully supported the ITCB's request for access to the data base.

6.17 The representative of Argentina stated that they also supported the request by the ITCB to have access to the database. They were surprised that there seemed to be an additional criterion that was not contained in document G/MA/115. The ITCB provided analytical capacity for its members, which comprised developing and least developed countries which did not have this capacity for analysis. Therefore, access to the IDB/CTS databases was very important if developing and least developed countries were to participate more in the WTO and this in itself was a sufficient contribution to the WTO. His delegation believed that the Committee should provide the ITCB with access to the data. Argentina also believed that the Committee could not ask every organization requesting access to provide data in exchange. It was necessary to clarify whether the United States'

position was that any organization requesting access which could not provide data in return would not be given access to the database.

6.18 The representative of Colombia stated that his delegation supported the request from the ITCB to have access to the IDB/CTS database. Colombia considered that the request as put forward in G/MA/W/48 met the various requirements that the Committee had approved for the dissemination of the databases.

6.19 The representative of Chile stated that his delegation supported the ITCB's request for access to the databases and they considered that this request met the various requirements as set forth by the Committee. After having listened to the clarification put forward by the United States' delegate he still believed that the United States were suggesting, if not explicitly, the putting in place of a new type of conditionality that did not exist, for access to the databases. This requirement had not been approved and, Chile believed, it was out of place at this point. Regarding the contribution that the ITCB could make in the area of multilateral trade, the support that it could provide to a number of developing and least developed countries so that they could take part in the negotiations, in a sector that was as highly distorted as the area of textiles, was more than enough of a contribution to the multilateral trading system.

6.20 The representative of Costa Rica stated that as one of the Members that derived benefit from the analytical capacity of the ITCB they also supported the ITCB's request for access to the IDB/CTS databases.

6.21 The Chairperson stated that the Committee had two options in this situation. It could approve the request now and ask the ITCB for their data contributions at a later date or it could suspend the agenda item. She could write to the ITCB in the meantime and the Committee could discuss the item again either at the resumed meeting of the Committee or at its next formal meeting.

6.22 The representative of the United States requested clarification from the Secretariat that there was no provision for at least trying to encourage data exchange between parties that were given access to the databases. If the granting of access was an automatic procedure, based solely on the requesting organization agreeing to use the data within the agreed terms she wondered why the Committee had the procedure of approving requests.

6.23 A member of the Secretariat (Mr. J. Richter) stated that in document G/MA/115, detailing the dissemination policy, a footnote on the first page stated that there was an expectation that organizations that were given access to the IDB and CTS would give likewise their data to the WTO. However, it was not formally stated as a condition, simply that if they had data they should share it with the WTO.

6.24 The representative of the United States stated that they could agree to the request on the condition that the Committee explore in a proactive way with the ITCB whether they had data they could share, and encourage them to do so.

6.25 The Chairperson proposed that the Committee approve the ITCB's request and said that she would write to the ITCB raising the issue of whether they had data to share.

6.26 The Committee approved the ITCB's request for access to the CTS and IDB.

## **7. Transitional Review under Paragraph 18 of the Protocol of Accession of the People's Republic of China**

7.1 The Chairperson stated that the first transitional review under Paragraph 18 of the Protocol of Accession of the People's Republic of China by the Committee on Market Access took place during

its meeting in September 2002. In accordance with agreed procedures, the results of that review were reported to the Council for Trade in Goods in document G/MA/117. The Committee would now conduct the second transitional review.

7.2 With respect to the review, a communication had been received from China containing information pursuant to Annex 1 of the Protocol and was circulated in G/MA/W/52. A second communication was received from China on 17 October 2003 entitled Quantitative Restrictions of China for 2003. This was received in electronic format with descriptions in Chinese. An English version would be provided as soon as it was available. Furthermore, a number of questions had been put to the Chinese delegation from other Members, namely the European Communities, Japan and the United States, which were circulated in documents G/MA/W/49, G/MA/W/50 and G/MA/W/51, respectively. She thanked the Chinese delegation, also on behalf of the other Members of the Committee, for providing information in connection with the review. She also thanked the delegations which had submitted questions.

7.3 The representative of China thanked the Chairperson for the opportunity to introduce China's implementation of its commitments to the Committee on Market Access and to respond to questions of concern to WTO Members, under the framework of TRM established in Section 18 of the Protocol on the Accession of China. She said that in order to achieve the objective of "exchanging information and clarifying issues" in the TRM, they had provided a large amount of information prior to the meeting, including information required by Annex 1A to the Protocol and the notification on quantitative restrictions. Meanwhile, they had designated a delegation composed of officials from important government agencies such as the Ministry of Commerce, Ministry of Finance and State Grain Administration, to respond to questions and concerns of Members.

#### Tariffs

7.4 Starting from January 1, 2003, in accordance with the commitments in the schedules of China's Accession Protocol, the general average tariff level of China had decreased from 12 per cent to 11 per cent, and tariff rates for 3,019 tariff headings, which represented 40.6 per cent of total tariff headings, had been reduced.

#### Tariff Rate Quotas

7.5 In 2003, China had ten kinds of agricultural products such as wheat and bean oil, and three kinds of fertilizers under TRQ control. Their TRQ regulatory system remained stable and predictable in accordance with their commitments upon accession. Relevant information with respect to their TRQ administration was set forth in the documentation provided to the Committee on Market Access pursuant to Annex 1. Based upon experiences in agricultural product TRQ administration, together with comments from relevant enterprises and WTO Members during the past year, the new "Interim Measures on the Administration of Tariff Rate Quotas for Imports on Agricultural Products" had been published and put into force on September 27, 2003, with its accompanying measures of implementation published and brought into effect before September 30, 2003.

#### Non-Tariff Measures (including import quantitative restrictions)

7.6 China had provided the Committee with information in relation to non-tariff measures (including implementation of import quantitative restrictions) required by Annex 1A prior to the TRM, according to its commitments. Information with respect to specific quantitative restrictions had been formally notified to the Committee in light of the Decision on Notification Procedures for Quantitative Restriction (G/L/59) developed by the Council for Trade in Goods.

7.7 Before the meeting, they had received questions raised by some Members. They had already responded to questions in relation to trading rights, automobile quotas and fertilizer TRQs in a

meeting held under the Committee on Import Licensing Procedures and the statement by the head of the Chinese Delegation had been provided to the Secretariat. Meanwhile, explanations were also made available in the documents provided in respect of Annex 1A. With regard to questions in relation to new automobile policies, the Chinese delegation had clarified the issue in the TRM under the TRIMS Committee. Given that issues in relation to automobile financing and the separate operation network for new automobiles would be discussed under the Council for Trade in Services they would not address those issues here. She made the following clarifications on other relevant matters:

#### Questions concerning Tariffs and VAT

##### Tariff rate for photographic film

7.8 The relevant WTO Agreement did not stipulate the types of duties that should be levied by WTO Members, nor did it require WTO Members to implement the same types of duties as those contained in the schedule of concessions. The agreement only required that the duties be imposed at a level no higher than the committed duty rates. This had been recognized in previous WTO DSU cases by the Appellate Body. Therefore, although China had made commitments in relation to *ad valorem* duties on the 35 kinds of photographic products, it still had the right to apply specific duties on these products. In 2003, China had lowered the specific duty rates on the 35 kinds of photographic products. Specific duties imposed on these products were within the committed tariff rate level and were therefore not in violation of China's commitments. However, China wished to continue the technical consultations with Japan to ensure that specific duty rates remained at a reasonable level.

##### Questions concerning export tariffs

7.9 In 2003, 37 kinds of commodities were subject to export tariffs in China. Given that Chinese export tariffs and import tariffs were under two different coding systems and the 84 kinds of products listed in Annex 6 of China's Protocol of Accession were subject to the import customs tariff coding system of year 2000, commodities under export tariffs could not correspond one by one to those in Annex 6 of China's Protocol of Accession. Nevertheless, those 37 kinds of products were in fact identical to the 84 commodities listed in Annex 6. In addition, applied export tariff rates on those products were lower than the committed level, among which tariff rates for 16 commodities were even zero.

##### Questions concerning VAT on brass

7.10 As from 2000, China began to implement the policy of reimbursing 30 per cent of the VAT levied on brass imported by some state-owned copper metallurgy enterprises. In order to bring this measure into conformity with the national treatment principle, in 2002 it was extended to all enterprises, including private and foreign-invested enterprises, as long as they possessed the required production scale.

##### Questions concerning VAT on semiconductors

7.11 China implemented "VAT drawback upon Levy" measures on ordinary VAT payers producing and selling integrated circuits. The refunded tax represented the part of total tax levied in excess of three per cent of the taxable value. This measure was a part of China's policies on the integrated circuits industry, and did not violate WTO national treatment principle. A 17 per cent VAT was imposed on both imported and domestically-produced integrated circuit products when they entered the market. No extra VAT was levied on imported products directly or indirectly. Thus this policy was consistent with Article III.2 of GATT 1994. Based on such understanding, the rebate was a kind of subsidy paid to domestic producers allowed by Article III.8(b) of GATT.

##### Questions concerning VAT applied to diammonium phosphate

7.12 China had adjusted its policies in relation to the fertilizer VAT, including the differential policies on monoammonium phosphate (MAP) and diammonium phosphate (DAP) in 2001, to bring them into conformity with the national treatment principle contained in Article III of GATT 1994. After the adjustment, China began to implement the same VAT policies on imported and domestic fertilizers. However, it continued to exempt MAP from VAT while imposing VAT on DAP. Different VAT measures on these two were adopted based on the agricultural production requirements and fertilizer products of China. MAP and DAP were two different products with different uses and users. Although the reserves of Chinese phosphorite mines were quite abundant, most of them were lean ores, so the cost of ore concentration was quite high. As a result, in order to fully apply phosphate resources and protect the environment, China implemented VAT exemption measures encouraging the production of MAP directly from relatively lean ores. Producers were also encouraged to produce compound fertilizers.

#### Questions concerning competition between MAP and DAP

7.13 Article III of GATT 1994 stated that same duties should be levied on identical or similar, mutually substitutable and directly competitive products. However, MAP and DAP were goods of a different nature and were not directly competitive nor substitutable products in China.

- 1) They were not identical or similar goods due to their different natures.
- 2) They were not substitutable products due to their different use. In China, DAP was directly applied in manufacturing, while MAP was mainly used to produce compound or special fertilizers.
- 3) They were not competitive products. China had been producing DAP since 1965. Currently, VAT was levied on both imported and domestically-produced DAP. In 2001, *prima facie* consumption of DAP was 4,970,000 tons, including 3,290,000 tons of imports which represented a 66 per cent of total consumption. These statistics showed that production and consumption of DAP in China had increased instead of having decreased as a consequence of a tax exemption measure on MAP. There was no comparative relation between the two kinds of products. Consequently, VAT measures on these two kinds of products were not in violation of Article III of GATT 1994.

#### Consumption Tax applied to imported products

7.14 In China, taxable value for the purpose of imposing consumption tax included a consumption tax factor, i.e.:  $\text{taxable value} = (\text{cost} + \text{profit}) / (1 - \text{consumption tax rate})$ . Such a calculation method applied to both imported goods and domestic goods. The consumption tax factor was put into the taxable value while calculating and levying consumption tax on either imported or domestic products. Due to such a method, the consumption tax factor was taken into account when the selling price of domestic products was being determined. Thus, since the taxable value of domestic products already included a consumption tax factor, the corresponding consumption tax was the taxable value multiplied by the tax rate. Since the import value of imported goods did not include a consumption tax factor, such a value was converted into a taxable value that contained a consumption tax factor. The consumption tax was then worked out based on the converted taxable value. Otherwise, the value of imported goods would not contain a consumption tax factor, while that of domestic goods would, which would lead to unfair treatment in relation to tax imposition on imported and domestic products.

### TRQs for Fertilizers

7.15 In 2003, the volume of non-state trading quotas for urea was 180,000 tons, while that of state trading quotas was 1,620,000; the volume of DAP non-state trading quotas was 1,190,000 tons while that of state trading quotas was 4,760,000 tons; the volume of non-state trading quotas for compound fertilizers was 600,000 tons while that for state trading was 2,380,000 tons.

7.16 On 27 August 2003, MOFCOM published the notice on application for reallocation of 2003 fertilizer TRQ through some media, requiring importing entities to return unfilled quotas before September 15 of that year, and stating that applications for reallocation would be accepted from September 15 to September 30 and that reallocation would be completed before 15 October 2003. On October 14, MOFCOM circulated the public notice for fertilizer TRQs reallocation as of the year 2003, amongst which the volume for compound fertilizers was 350,000 tons, that for DAP was 12,000 tons and for urea, 20,000 tons.

7.17 On 10 October 2003, MOFCOM made public the total volume, the principles of allocation and the application procedures of TRQs for fertilizer import as of the year 2004. The competent Chinese authorities had already distributed all 5,950,000 tons of DAP for 2003, and had not adopted import controlling measures. Enterprises could, at their own discretion, decide on the time and import volume in light of market demands, without government interference.

### Industrial Quotas

#### Rubber

7.18 The Provision Measures on Import Quota Administration of Natural Rubber was released by the central government (the former State Planning Commission), which designated the planning commissions at regional levels with the authority to distribute the import quotas of natural rubber to their respective local end-users. As of now, a total of 850,000 tons of natural rubber import quotas had been distributed to end-users in 2003.

#### Automobiles

7.19 In accordance with Public Notice No. 58 issued by the former MOFTEC in 2002, China eliminated import quota administration for motorcycles and crane lorries ahead of schedule, while automobiles and its key parts remained under quota administration in 2003. In line with its accession commitments, the Chinese government had already distributed US \$9.1 billion worth of quotas. Given that they had not come to the end of 2003, it would be impossible to calculate the filled rate of quotas at the present stage.

### Import Prohibition on Certain Used Goods

7.20 With respect to wastes that could be used as raw materials, the former National Environmental Protection Agency, with other governmental departments concerned, jointly issued the "Provisions on administration of Environmental Protection on Import of Wastes" on March 1, 1996, and a "List of Wastes Used as Raw Materials and Restricted in Import" had also been annexed. Wastes listed in the catalogue could be imported upon examination and approval by the former National Environmental Protection Agency (now called the State Environmental Protection Administration). The import of unlisted wastes was thereby prohibited. Therefore, it could be seen that China did not generally prohibit the importation of all used goods or wastes.

7.21 China prohibited the importation of used clothing and automobiles in line with the "general exception" principle and health quarantine in international trade. The measures on used clothing and automobiles were implemented on a non-discriminatory basis. Applicable regulatory procedures were

transparent and the catalogue of prohibited products was publicly available, fully consistent with WTO rules. In addition, those measures were adopted for the purpose of protecting the life and health of humans, animals and plants; nor had they constituted discrimination or trade restrictions in disguised forms; thus they were in conformity with "general exception" rules enshrined in Article XX(b) of GATT 1994.

7.22 The Chinese delegate stated that from the above introduction, it could be seen that China was now actively implementing its accessions commitments. However, it should be noted that China was a developing country, and, therefore, China hoped that WTO Members would look at the progress of China's implementation of its commitments with realistic attitudes and long-term vision.

7.23 The representative of the European Communities stated that they had submitted a number of questions to China, especially in regard to trading rights, the allocation of quotas and TRQs and automobile related issues. They appreciated the initial clarification offered by China earlier this month in a meeting of the Committee on Import Licensing and also for the replies that had been given just now. The European Communities requested further clarification on a number of issues which had been contained in the statement delivered by China on 2 October 2003 at the meeting of the Committee on Import Licensing. With regard to trading rights, the European Communities understood that the Chinese commitments covered all minority foreign owned joint ventures and that those minority foreign owned joint ventures should be granted trading rights. The Chinese delegation had referred to trading joint ventures and the statement given in the Import Licensing Committee referred to joint ventures solely engaged in import and export business and wholesales of imported products as well as other types of enterprises that applied for the operation of such businesses and satisfied the requirements of the interim rules. They sought clarification from China as to whether this effectively covered all minority foreign owned joint ventures. Secondly, in the statement delivered on 2 October 2003 in the Import Licensing Committee, China had stated "While for the importation of goods and technology other than the above listed, the enterprises should change their scope of the businesses as required by relevant legislation". The European Communities requested that China clarify what was meant by this, and they also sought clarification from China on the question of quota and TRQ allocation. The European Communities raised their continuing concerns that according to their findings a market for the sale of licenses had developed. They requested confirmation from China that it was strictly forbidden for an entity who had received a quota from the authorities to resell it to another importer. With regard to the automobile sector and the dual distribution network, the European Communities sought clarification on where the Chinese project of establishing separate distribution channels for imported and locally produced cars stood at the moment. Also, with regard to automobiles, the European Communities were in the process of analyzing the Chinese legislation on car financing which had just been published. They would raise any additional question they might have on the issues in the Financial Services Committee. Finally, with regard to VAT on copper, they had submitted a specific question on that to the Committee on Subsidies. The European Communities were grateful for the information provided by China and looked forward to receiving the requested clarifications.

7.24 The representative of Japan stated that they welcomed China's input on the transitional review mechanism so far, but China's explanations did not completely answer their questions. He reviewed those questions, which were contained in (G/MA/W/50):

## **Tariffs**

### Tariff rates on photographic products

7.25 In Japan's view this was a fundamental issue rather than a technical one. China's concession on goods should be the primary commitment for WTO accession and, therefore, Japan requested that China amend its tariff rates on photographic products promptly. However, Japan appreciated China's offer to discuss the matter bilaterally.

### **Quantitative restrictions on imports**

7.26 Japan had placed questions on quantitative restrictions on imports in the Import Licensing Committee because Japanese automobile industries were very concerned about this matter. They were not fully satisfied by China's explanation in the Import Licensing Committee and for that reason they were placing the same question in the Committee on Market Access.

(i) *Concerns about the implementation of import quotas on automobiles*

(a) The actual automobile imports only registered \$3.85 billion from April 2002 to March 2003, a period subject to the quota for the first fiscal year, which was significantly lower than the import quota of \$7.94 billion. Japan wished to know why such a large disparity between these figures occurred. Furthermore, the customs-cleared imports in the second quarter in 2003 posted \$1.21 billion. Multiplying this figure four fold amounted to only \$4.84 billion, which again resulted in a significant disparity from the nominal quota for 2003 of \$9.125 billion. Japan was thus concerned about the implementation of the quota as agreed, and wished to know what measures the Government of China planned to take in order to improve this year's implementation.

(b) Annex 3 to the Protocol on the Accession of the People's Republic of China stated that there were 44 items subject to the import quotas for 2003 under complete vehicles and only one item, bodies, under auto parts. Japan requested the Government of China to confirm that there existed no other items subject to the import quotas for 2003 than those cited above.

(ii) *Ensuring of the transparency of the current import quotas on automobiles*

(a) In Paragraph 127 of the Report of the Working Party, it had been agreed that the allocation of quotas and the issuance of import licenses would be operated in conformity with simple and transparent procedures pursuant to Article 13 of the GATT 1994 and the WTO Agreements, including Import Licensing Procedures. Furthermore, Article 2 (c) of Annex 1A-IV stipulated that China shall provide information about the status of the quota allocation and reallocation, which meet WTO requirements under the Agreement on Import Licensing Procedures and in accordance with the report of the Working Party.

(b) Japan requested the Government of China to provide information on the status of its quota allocation and reallocation for 2003 in light of ensuring a transparent system. More specifically, they wished the Government of China to present the actual quotas for 2003, not only item by item, but also by country of origin.

(c) Paragraph 130 (C) of the Report of the Working Party provided that those quota holders not having imported their full allocation would receive a proportional reduction in their quota allocation in the subsequent year, unless the quantity was returned for reallocation by 1 September. In this connection, Japan wished to know the number of the quota holders to whom the Government of China applied this provision at the time of allocating quotas for year 2003, as well as the total number of reductions in quotas.

(d) Japan had information that the Government of China controlled the number of import licenses that were granted by category. In particular, the number of import licenses granted for cars of 2000cc or less displacement in the sedan category was small, which indicated that import licenses were not granted impartially, regardless of the engine displacement, and were enough to meet the demand for imported cars.



### **Prohibition of the sale in parallel of Chinese-made automobiles and imported automobiles to China**

7.27 It had been reported that the Government of China had a plan to establish a "Law Controlling the Monopolization of Automobile Brands" to prohibit dealers from selling both imported and domestic cars. Japan wished to know whether this was the case and, if so, ask China to provide details of such a regulation. Depending on the contents, they believed that such a regulation should not be introduced since, it could violate GATT Article III.

7.28 It has been reported that with regard to the acquisition of the "management right to passenger vehicles" which was required of retail dealers in passenger vehicles, the Government of China planned to limit the scope of the management right, either to domestic cars or imported cars. Japan wished to know whether this was the case and, if so, ask China to provide details of such a regulation. In addition, they requested China to make public the criterion for the granting of a management right to passenger vehicles. Depending on its contents, Japan believed that such a regulation should not be introduced since, it could be inconsistent with GATT Article III.

### **Import prohibition policy of used goods**

#### *(i) Import Prohibition on used goods*

7.29 In China, there were many import prohibition measures on used goods including worn clothing and automobiles. Japan was concerned by the consistency of these measures with the WTO Agreement, including GATT Article XI. It was difficult to understand how China could justify such prohibition of certain used goods for health or environmental reasons, when all imports of such used goods were prohibited regardless of their physical condition.

### **Trading Rights**

7.30 With regard to the phase-in commitments on trading rights (joint-venture enterprises with a minority share of foreign investment) that should be duly implemented within one year after accession, Japan wished to know why the revision of the relevant law, namely, the Foreign Trade Law of People's Republic of China, had been delayed, and whether there existed a schedule for revision.

7.31 With regard to the phase-in commitments on trading rights (joint-venture enterprises with majority share foreign investment) that should be duly implemented within two years after accession, Japan wished to know the specific schedule and the related procedures for implementation.

7.32 Japan requested additional explanations on these questions from China.

7.33 The representative of the United States welcomed the information provided by China. With regard to trading rights, she noted that China had provided information on this issue in the Import Licensing Committee but she sought clarification on whether the implementation regulations which China was working on would address only the commitments that were to start in December 2004 or whether they also affected commitments from 2002 and 2003. On the issue of the semi-conductor VAT, they also noted that China had a review under way to determine whether that VAT was WTO-consistent based on questions put forward by the United States and others. She sought clarification on the explanation just given by China which suggested that the review had been completed and that as a result China believed that that they were fully in conformity. It would be helpful to know if another review was underway. The United States considered that VAT should be eliminated entirely or at least made the same for domestic and foreign products because, otherwise, there could be some serious national treatment concerns. If national treatment was being applied, the internal taxes in excess to those applied on like products or those applied to afford protection to domestic industries would not result in the apparent differences. With regard to the fertilizer question, they understood

that while China believed that they were not currently using those products in a competitive way, they were competitive in the global marketplace. As the United States produced some of those products they remained concerned about the way they were taxed and the way that the whole taxation system worked for the fertilizer products. While the United States welcomed the initial information provided by China it did not satisfy their concerns entirely and they would welcome any further information that China could provide on the issue. They also shared the concerns of both Japan and the European Communities with regard to the auto policy, in particular, they were concerned that once the draft auto policy was finalized it could lead to regulations that would restrict the import of foreign autos and parts and would limit the United States' ability to distribute products freely, something which was contrary to China's commitments. They would also welcome further clarification based on the questions put forward by other delegations at the meeting. In conclusion, they requested a copy of the remarks made by China at the meeting.

7.34 The representative of China stated that with regard to the questions on trading rights, according to China's commitments upon accession, China would eliminate the system of examination and approval of trading rights within three years from accession. At that time, China would permit all domestic and foreign enterprises and individuals, including sole traders from WTO Member countries, to export and import all goods with the exception of products outlined in Annex 2A of the Protocol reserved for importation and exportation by state run enterprises throughout the custom territory of China. She stressed that trading rights in this context only referred to the right of importation and exportation, and did not include the right of distribution in China. The liberalization of distribution rights would be exacted in accordance with the schedule of specific commitments on services at the time enterprises in China with foreign investment had the right to import equipment, technology, raw material and other goods for self use and to export their products. For the importation of goods and technology other than those just listed, enterprises should change their scope of the business as required by the relevant legislation. The foreign trade law of the People's Republic of China was being revised to reflect the specific requirements on that.

7.35 Another representative of China clarified that the process for tariff quota rates, publishing the total volume of TRQs for fertilizers in 2003 and 2004 and also publishing conditions for enterprises applying for the allocation of such quotas was transparent and fair. With regard to the reselling of quotas, according to Chinese legislation this was an illegal act and one to be combated seriously. The Chinese government firmly cracked down on all kinds of reselling activities and they requested that the European Communities provide then with any relevant information they may have concerning reselling so that the Chinese authorities could deal with it.

7.36 Another representative of China stated that with regard to a question posed by the United States' delegation on VAT on integrated circuits, work was underway on a further study of the issue, but according to preliminary conclusions, the policy of rebate upon collection adopted by the Chinese government was a subsidies payment to its national products and was allowed under Article XIII. B of GATT which stated that the provisions of that article should not prevent the payment of subsidies exclusively to domestic producers, including payments to domestic producers which were derived from the proceeds of internal taxes or charges applied consistently with the provisions of the article and the subsidies effected through governmental purchases of domestic products. In accordance with that provision, China believed that its VAT policy with regard to integrated circuits was not in violation of the national treatment principle of GATT.

7.37 With regard to the questions posed by Japan and the United States concerning China's auto policy: the administration of imported automobiles, with regard to the disparity existing between the actual and the committed volume, from April 2002 to March 2003, namely in the first year of China's administration of quotas for automobiles; the administration of the import quota for 2003; the transparency of distribution procedures and the criteria for distribution; the question by the Japanese delegation on whether the Chinese government was actually exercising control on the models or types of automobiles imported, China had already made detailed and specific explanations in the Import

Licensing Committee on 2 October 2003. In particular, they had highlighted the disparity issue. With regard to TRQ allocation for automobiles in 2003, in accordance with China's WTO commitments, China had fully allocated the US\$ 9.125 billion worth of quotas for automobiles. No return quotas had been received before 10 September 2003 and therefore the government authority in charge of quota administration did not exercise any reallocation in this regard.

7.38 The Chinese delegation confirmed that they would circulate a copy of their statement.

7.39 The Chairperson thanked the Chinese delegation for all their work on the Trade Policy Review. With regard to the report that would need to be submitted to the CTG, she proposed that the Committee follow the same format as the previous year, as reflected in document G/MA/ 117, which was to have a brief factual paragraph that the review took place, an acknowledgement of the documentation submitted pursuant to the review, and a reference to the discussions that took place, as reflected in the minutes of the meeting.

7.40 The Committee agreed to this approach and the review was concluded. It was noted that all the statements made would be reflected in the minutes of the meeting.

## **8. Draft Report (2003) of the Committee to the Council for Trade in Goods (G/MA/SPEC/25)**

8.1 The Chairperson stated that the Committee was required to submit annually a report on its activities to the CTG. A draft report to the CTG covering the activities of the Committee in 2003 had been circulated in document G/MA/SPEC/25. The report would be updated in light of this meeting.

8.2 The Committee agreed to adopt the report subject to the updating which was required in light of the meeting.

## **9. Election of the Vice Chairperson**

9.1 The Chairperson stated that Members had received a fax on 13 October 2003 concerning her consultations on the subject of the Vice-Chair. She had completed informal consultations, and on the basis of the understanding reached, she proposed that the Committee elect Mr. Sebastián Herreros (Chile) as Vice-Chair of the Committee by acclamation.

9.2 The Committee so agreed and Mr. Herreros was elected by acclamation.

## **10. Other Business**

### Date of the next meeting

10.1 The Chairperson stated that according to the time-table of meetings established by the Secretariat, the next meeting of the Committee was scheduled to take place on 5 December 2003, subject to confirmation. However, in light of the Committee's continuing work in informal meetings and the postponement of that day's meeting to end November, she proposed that the Committee not hold a meeting in December 2003, especially given the workload in other areas of the WTO at that time. Thus, she proposed that the next formal meeting of the Committee would be held in March 2004. She would be in touch with delegations to set up a date for the next informal meeting and the resumed formal meeting, which would be around the end of November. She confirmed that the resumed formal meeting would review the status of HS96 and HS2002 submissions, it would discuss

the collective waiver for HS2002 changes and it would consider those technical issues which were raised regarding the linking of the CTS and ITB data bases.

10.2 The Committee so agreed.

## Annex 1

### **Integrated Data Base**

#### **Report by the Secretariat**

##### IDB dissemination

The Secretariat has continued to load information onto the IDB Internet site on a monthly basis. As of 31 March 2003, there will be 399 country periods on the site, of which 366 will be in the approved area. Eighty-nine Members and five acceding countries or territories are represented.

Two copies of release 9 of the IDB CD-ROM were distributed to each delegation in January 2003. The CD-ROM contains information for 290 country-periods.

##### Publication of IDB and CTS data

Since the September 2003 meeting of this Committee

- The Secretariat has circulated a revised and updated version of the document on "WTO Members' Tariff Profiles" (TN/MA/S/4/Rev.1) for the Negotiating Group on Market Access and has provided similar information to the Agriculture Division following a request from Members in the Special Session on Agriculture. This data set with agricultural tariff profile information is currently being revised to include the latest information available in the CTS. A brief overview on IDB data availability ((TN/MA/S/9) was also presented to the Negotiating Group on Market Access.
- The Statistics Division is preparing inputs for the new World Trade Report derived from IDB and CTS information.
- The Statistics Division is also preparing an informal document on the various formulae proposals for modalities for tariff negotiations using CTS information, for the Negotiating Group on Market Access.
- As part of an inter-agency effort under the auspices of the United Nations, the Statistics Division has used IDB data to calculate the statistical indicators for monitoring the implementation of the trade-related Millennium Declaration Goals.

##### Technical Assistance

Since the September 2003 meeting of the Committee, Statistics Division staff have undertaken two national IDB workshops, one in Lithuania and one in Bangladesh, and two regional IDB workshops, one in St-Lucia for Caribbean Member countries and one in Senegal for French speaking African Members. The two regional activities included a component on Market Access issues. IDB and CTS were also presented in the DDA Training Courses for senior government officials in Vienna and in Cairo. In addition, the IDB and CTS database and analytical software were presented at a regional workshop on trade negotiating skills held in Malaysia.

For the next quarter, the IDB section has scheduled two regional activities jointly with the Market Access Division. One, in Sri Lanka, will take place next week and one in the Philippines in June/July (date to be confirmed). The next DDA Training Courses in Beijing will also include presentations on IDB and CTS. Tunisia has requested that the national workshop listed in the 2003 TA plan take place during the month of May.

### Improving the coverage of the IDB

An initiative to improve the coverage of the IDB, in particular with respect to the years from 2000 onwards, was taken by the Negotiating Group on Market Access in the form of a letter sent to Heads of Delegation from the Chairman of the Group in October 2002. In that letter the Chairman urged Members who were not up to date with their IDB notifications to submit outstanding information to the Secretariat no later than the 31 January 2003. The Chairman also drew Members' attention to the Secretariat document on 'Data availability and Software Tools for Tariff negotiations – TN/MA/S/2 which clearly identified gaps in the data in the IDB and which indicated cases where those gaps could be filled with official information lodged in databases maintained by other intergovernmental agencies. The Chairman went on to recall that the Secretariat could not obtain this information without the authorization of the Member concerned, but he suggested that Members who were not up to date with their IDB submissions could, if they wished, authorize the Secretariat to fill the gaps in their IDB submissions with the official information in databases maintained by other intergovernmental agencies.

As a direct result of this letter, there have been a number of improvements in the coverage of the IDB: Two Members (Jamaica and Oman) referred to the Chairman's letter in making their (updated) IDB submissions. Four Members (Cameroon, Ecuador, Grenada, Sri Lanka) authorized the Secretariat to obtain their official information for them, resulting in one new Member participating in the IDB (Cameroon). One Member (Brazil) pointed out in its response to the Chairman's letter the role of the Committee on Market Access as regards the functioning of the IDB.

### Software development

The third release of the IDB Internet Analysis Facility (IAF) prototype software (<http://iaf.wto.org/>), was deployed in November 2002. Thus far, users from 49 developing countries and 15 developed countries have accessed the IAF.

Since November, the Secretariat has completely redesigned the appearance of the site, introduced a report on status of bindings (and associated downloading features), introduced a facility to save product groups independently of the market and improved the Help facility. This new version will be made available in April. At the same time, the most recent data will be loaded on the site (which will require the site to be shut down for a week to 10 days). After that, regular loading of the database at the ICC will take place on a monthly basis.

The Secretariat will organize a demonstration of the revised IAF for delegations as soon as the new application and data are deployed. The date and time of the demonstration will be circulated to Delegations.

The IAF is currently available only in English. The Secretariat is well aware that French and Spanish language versions of the application are required, in particular to permit developing country Members to effectively use the IAF for their trade policy work. Furthermore, users in some developing and least-developed countries face problems with Internet access, because of unreliable connections or limited budgets for Internet access. To address these problems, the Secretariat will begin work on introducing a multi-language capability in the IAF. The Secretariat will also develop a "portable" version of the application that will operate from a "snapshot" of the database distributed on CD-ROMs or DVDs, thus precluding the need for an Internet connection to use the IAF.

## Annex 2

### Consolidated Tariff Schedules Database

#### Report by the Secretariat

Since the last meeting of this Committee the IDB/CTS team has been concentrating on the following areas:

- Updating Members' files by incorporating information rectifying or modifying Members' commitments from documents issued after the creation of the initial CTS files.
- Incorporating Members' comments into their CTS files. Seven out of eight comments notified to the Secretariat have been processed and the resulting modifications have been incorporated into the database files.
- Preparing the link between the CTS data base and the IDB.

To update you on where we stand on the link:

- The team has created the infrastructure needed to accommodate the link. That is, a standard IDB/CTS correlation table was created last year. The linking of the CTS and the IDB through this correlation table was tested last year on the files of three Members.
- The tariff concessions in the CTS files were standardized in order to be compatible with the IDB. This work was completed in December 2002.
- In January this year the team started preparing the IDB/CTS correlation tables for the 62 Members who have usable 2000 or 2001 applied tariffs in the IDB. So far, tables have been prepared for 42 of these Members' files. The remaining 20 are expected to be completed by the end of April.

The position with regard to IDB/CTS correlation tables in the remaining 66 files out of the 128 Members in the CTS is as follows.

- Correlation tables could be prepared for a further 19 Members, but only for years prior to 2000.
- Correlation tables cannot be prepared for 47 Members' files for the time being, either because tariff data have not been supplied to the IDB (42), tariff data have been supplied, but without the product descriptions (4); and in one case, due to incompatible tariff structure of the Members' IDB submission and CTS file.

To be able to construct the correlation tables the Secretariat included tables from the Member's IDB file in its CTS file. These additional tables, including a table with unbound lines, have been kept in the CTS files during the approval process in order to assist them in checking and approving their correlation tables. Once the CTS files containing an IDB/CTS correlation table have been approved, the information generated for checking purposes will be removed.

The IDB/CTS correlation tables link the CTS to the IDB for only one specific year (2000 or 2001 in the HS 1996 nomenclature). A requirement for maintaining the link between the CTS and the IDB, is that the IDB/CTS correlation tables have to be updated. In this context, the IDB correlation tables, which include the tariff nomenclature changes from one year to the next, would be required to generate a new IDB/CTS correlation table for more recent IDB tariff submissions.

The IDB/CTS correlation tables can be used to incorporate the final bound duties from a Member's CTS into its IDB tariff file. The Secretariat has prepared software for this purpose, which it is currently testing. When operational, the Secretariat could, if requested, incorporate Members' final

bound duties in the CTS into the IDB. For example, to respond to the suggestion made by the representative of Australia at the 23 September 2002 meeting of this Committee that the bound tariff data in Australia's CTS file be imported into its IDB file.

The results of all this work have been disseminated to Members through the CTS part of the File Transfer Facility on the IDB Internet site. The files are either in the provisional area or the approved area, depending on their status. The Members concerned have been informed any time there has been a change in their files. Still to come are the concessions on goods of two newly acceded Members (Armenia and the Former Yugoslav Republic of Macedonia), which have yet to be processed and included in the database.

The first CTS CD-ROM was distributed to Members in January 2003. It contains the approved CTS files as of end-November 2002 in Access database and text file formats. Release 2 of the CTS CD ROM will be issued in June, at the same time as Release 10 of the IDB CD ROM.

#### Software for data analysis

Currently, there are no customised software applications for analysing the information in the CTS database. However, the following work is ongoing or planned for the CTS information in the IDB Internet Analysis Facility.

- The design of Query selection parameters for CTS information
  - Development of a CTS-based report on AMS commitments.
  - Other reports on tariff concessions, tariff quotas and export subsidies.
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