
Committee on Market Access

MINUTES OF THE MEETING HELD ON 3 OCTOBER 2005

Chairman: Mr. Martin Pospíšil (Czech Republic)

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The Committee adopted the agenda as reproduced in document WTO/AIR/2669. An annotated agenda was circulated in document JOB(05)/213.

1. Periodic report of the Committee to the Council for Trade in Goods including factual information on waivers expiring on 31 October 2005 (G/MA/SPEC/30)

1.1 The Chairman drew the Committee's attention to document G/MA/SPEC/30 which contained the draft periodic report of this Committee. This report¹ would be finalized in the light of the discussion that took place at this meeting and would be submitted to the Council for Trade in Goods (CTG) for examination. The report contained in its Annex a table summarizing factual information on the waiver under process submitted by Israel. Israel had forwarded a request for a waiver extension in connection with the introduction of HS96 changes to its schedule of concessions. Factual information from Israel concerning its request had been circulated in document G/L/744, and a draft decision had also been circulated in document G/C/W/528.

1.2 The Committee took note of the request, approved the draft waiver decision and agreed to forward them to the CTG for appropriate action.

2. Submission of HS96 documentation (G/MA/TAR/2/Rev.36)

2.1 The Chairman drew the Committee's attention to document G/MA/TAR/2/Rev.36 which reflected the present situation concerning the submission of required documentation. From the document, it could be noted that the HS96 submissions of three Members remained pending due to ongoing consultations and/or negotiations.

2.2 The Committee took note of the document.

3. HS2002 changes

(i) *Introduction of HS2002 changes to schedules of concessions using the CTS database (WT/L/605) – Report by the Secretariat on the status of work*

3.1 A member of the Secretariat (Mr. J. Richter) introduced the report which is contained in Annex I.

3.2 The representative of the United States asked when the review of developed country files would be done, and whether they would be submitted for multilateral review in a batch.

3.3 A member of the Secretariat (Mr. J. Richter) stated that the developed country files would be released as and when they became ready, and not in a batch. By end of November, the Secretariat could release a number of the files, and early next year the remaining files.

3.4 The Chairman recalled that on 29 June 2005, when the Secretariat had given the technical briefing on issues arising from this HS2002 transposition exercise, it had made the point that it had introduced HS96 changes to the schedules of a number of Members in connection with the preparation of the CTS database. The reason this issue had been brought before this Committee was because the results of this transposition exercise undertaken by the Secretariat had not been verified or certified. At that technical briefing, a question had been asked regarding which Members were concerned by this issue. In response to that request, the Secretariat had circulated document JOB(05)124/Add.1 which provided such a list.

3.5 The Chairman noted that he was bringing this matter up again in order to suggest to the Members concerned that they could use the work done by the Secretariat in order to prepare and submit their HS96 documentation in accordance with the procedures which existed for the

¹ Issued as G/MA/163.

introduction of HS96 changes to schedules. Those procedures were contained in document L/6905. The Committee could revisit the situation next year and see to what extent there had been follow-up action by the Members concerned. If the picture did not look good, the Committee might wish to look at alternative ways of reaching the goal of bringing legal certainty to those changes.

3.6 The Committee took note of the statements.

(ii) *Extension of the HS2002 waiver (WT/L/598)*

3.7 The Chairman recalled that a number of Members had been given an extension of the waiver or a new waiver through the form of a "collective decision" in order to introduce HS2002 changes domestically and to subsequently undertake the exercise of introducing these changes to their respective schedule of concessions. The draft decision had been adopted by the General Council on 13 December 2004. This waiver which began on 1 January 2005 would expire on 31 December 2005. It was evident that the HS2002 exercise as foreseen under WT/L/605 was not going to finish by the end of this year and he proposed that this waiver be extended for another year. He suggested that the Secretariat work on a draft decision which would be faxed to all Members, if no comments were forthcoming within a certain period of time, then the decision would be considered acceptable and forwarded to the CTG for appropriate action. If there were any substantive comments then he would call a meeting of the Committee to discuss them.

3.8 The Committee took note of the statement and agreed to the Chairman's proposal.

4. Background Information on certain uncertified commitments – Note by the Secretariat (JOB(05)/167)

4.1 The Chairman noted that in the course of the informal meeting of the Committee on Market Access, which had immediately preceded this meeting, Members had discussed a note by the Secretariat JOB(05)/167 concerning the issue of certain uncertified commitments. Members had agreed that the various procedures outlined in the note should be followed in order to complete the certification process of these commitments. He now wished to put it before the Committee for formal approval.

4.2 The Committee agreed that the various procedures outlined in the note (JOB(05)/167) should be followed in order to complete the certification process of these commitments.

5. Situation of schedules of WTO Members – Note by the Secretariat (G/MA/W/23/Rev.2)

5.1 The Chairman noted that the Secretariat had prepared an updated version of the document G/MA/W/23 which reflected the situation of schedules of WTO Members. There were two document references that had been omitted from this table:

1) Under El Salvador, column 7, the rectification/modification document relating to the ITA which had been circulated as G/MA/TAR/RS/45/Add.1 needed to be included.

2) Under Pakistan, column 7, a rectification/modification document relating to additional concessions which had been circulated as G/MA/TAR/RS/94/Add.2 needed to be included.

5.2 The Committee took note of the document and the corrections.

6. Modalities and operation of the Integrated Data Base (IDB)

(i) *Status of submission of the required documentation (G/MA/IDB/2/Rev.22)*

6.1 The Chairman noted that document G/MA/IDB/2/Rev.22 had been circulated to all Members. This document presented the situation of IDB submissions as of 19 September 2005.

(ii) *Report by the Secretariat*

6.2 A member of the Secretariat (Mr. J. Richtering) introduced the report which is contained in Annex II.

6.3 The representative of the United States thanked the Secretariat for the update on submissions to the IDB and noted that the value of the IDB was the linking of the tariff rates contained in the CTS with the trade data in the IDB. At a previous meeting there had been a discussion about obtaining trade data from sources other than official IDB submissions. His first question was how this effort was proceeding. Secondly, he wished to know if at some point, there was going to be an attempt to indicate, for example, where a country had not made a submission through the formal IDB process, but that this information had been obtained from other sources.

6.4 A member of the Secretariat (Mr. J. Richtering) stated that the Secretariat had identified a possible source of trade data in the UN statistical database COMTRADE and the Secretariat had established ways to download the data electronically. There were also the ITC/UNCTAD databases. The Secretariat had in the context of the Negotiating Group on Market Access reported on other sources and data availability on more than one occasion. He noted that the problem was that they would need Members' authorisation before such data could be included in the IDB. If it was useful the Secretariat could report to this Committee on the situation of complementary data in the databases of other agencies.

6.5 The Committee took note of the document, report and statements.

7. Consolidated Tariff Schedules (CTS) Database

(i) *Report by the Secretariat on the status of work*

7.1 A member of the Secretariat (Mr. J. Richtering) reported that since the last meeting of the Committee, IDB/CTS staff were continuing with their work in the following areas:

- Preparing IDB linked files which include the final bound duties from the CTS following the procedures outlined in document (G/MA/156). Linked files were prepared for Antigua and Barbuda, Indonesia, Nigeria and Peru;
- Incorporating recently issued HS96 certification documents for Guatemala and Uruguay;
- A number of recently adopted certification documents still had to be incorporated in the CTS (Bahrain, Korea, Malaysia, Morocco, Norway, New Zealand, Pakistan, US).

7.2 The Committee took note of the report.

8. Dissemination of the IDB and the CTS Database

- (i) *Communication from the Economic Commission for Latin American and the Caribbean (G/MA/W/68)*
- (ii) *Communication from the Agency for International Trade Information and Co-operation (AITIC/ACICI) (G/MA/W/69)*

8.1 The Chairman drew attention to the communications from the two organizations requesting access to the IDB and CTS databases.

8.2 The representative of the United States pointed out that the guidelines laying out the dissemination policy of the two databases also said that this was potentially a reciprocal process and data that these organisations had could be provided to the WTO as well. He noted that there were a number of gaps in IDB submissions for countries that were members of the Economic Commission for Latin America and the Caribbean and it was his understanding that the Commission did in fact have information that might fill some of those gaps. So, he requested that the Secretariat be in communication with the Commission in order to ensure a two-way flow of information.

8.3 The Chairman pointed out that, as in the case of past requests, in a letter in which he informed the organizations of the Committee's decision, he also invited them to share relevant information.

8.4 The Committee took note of the statement and approved the requests from the Commission for Latin American and the Caribbean and the AITIC for access to the IDB and CTS database.

9. Transitional Review under Paragraph 18 of the Protocol of Accession of the People's Republic of China

- (i) *Questions and/or Comments Submitted to China by the European Communities, Japan, and the United States in documents G/MA/W/70, G/MA/W/72, and G/MA/W/71, respectively*

9.1 The Chairman said that with respect to this fourth review, a number of comments/questions had been put to the Chinese delegation from the European Communities, Japan and the United States, which had been circulated in documents G/MA/W/70, 71 and 72 respectively. He noted that as was the practice, first he would ask the Chinese delegation to take the floor, and then he would give the floor to the respective delegations who had put forward questions, and the Committee would take them in order of their submissions, European Communities, United States and then Japan. He would then open the floor to any other delegation who wished to raise any questions or make comments. Then, China could take the floor again to provide further clarifications or additional responses to the any questions raised.

9.2 The representative of China thanked Members for their interest in the trade policy of China. Before, his colleague responded to the questions raised under this agenda item, he wished to raise the issue of the irrelevance of some of the questions that China had received with regard to the mandate of this Committee. Last year in this Committee when China had responded to questions put to it, China had stated that its responses were without prejudice to its understanding and judgement as to whether some of the questions themselves fell within the mandate of this Committee. Nevertheless, in a spirit of co-operation and seriousness, China had proceeded to respond in detail to all the questions put to it. However, that spirit of co-operation and seriousness had not been reciprocated and questions of the same nature had been put again in the CTG review. In fact, the CTG, according to the accession protocol of China was the body with the mandate to review these questions. He noted that, in view of this, in order to follow the provisions in the accession protocol, his delegation in this meeting was not in a position to respond to those questions regarding export restrictions and state

trading. As indicated, Annex 1A of the Accession Protocol explicitly provided that information on export restrictions and state trading was to be dealt with in the CTG. In view of that, China would respond to questions relating to those issues in the forthcoming CTG meeting which would conduct the transitional review this year as provided for in Annex 1A of China's Accession Protocol. That being said, he assured Members that China would continue its work on TRM in a pragmatic and professional spirit in order to provide a clarification and explanation regarding China's trade policies to the extent possible. Without that spirit, he and his colleagues would not have sacrificed their Golden National Day holidays in order to be present at this meeting. Therefore, China's approach was simply to avoid having a repeated review of the same topics by two bodies in this organization. China believed that this was legitimate, well grounded and believed that Members would fully understand.

9.3 Another representative from China noted that under the agenda item, China was willing to respond to the rest of the comments and questions presented to his delegation before the meeting. However, in addition to the point made by his colleague, he wished to request Members to refrain from asking repetitive questions, in particular those questions where the wording was almost the same as in the previous years. On those questions, China's response would be brief as its stance remained the same.

9.4 As regarded the Development Policy for Automobile Industry and its implementing rules, he said that during the enactment of the policy and the rules implementing the policy, responsible authorities in the Chinese government had consulted the automobile industry including the foreign-invested companies and other interested parties. Public comment solicitation had also been carried out via internet or other means where appropriate. Therefore, he believed that the whole process of enacting the policy and its implementing rules had been fair and transparent.

9.5 On the issue relating to the specific implementing rule "Administrative Measures for the Import of Automobile Components Fulfilling the Characteristics of a Whole Vehicle", China believed that the policy aimed at streamlining the importation and exportation of automobile spare parts and components in and out of China and as well as strengthening law enforcement against the tariff evasion and circumvention. The automobile industry was growing at an unprecedented rate in China, and during these years there was enough evidence showing that some enterprises were deliberately circumventing and evading tariffs by disassembling cars, importing different spare parts via different ports of China and finally assembling them back into whole brand new cars. It was against this background that China had put into place such a measure in order to make sure that the importation of these spare parts was not used to be assembled overnight into brand new cars and then sold the next morning. The Measures adopted the WCO HS definitions of automobiles and its spare parts and Articles 21 and 22 provided detailed explanation as to when or by what criteria those spare parts would be regarded as constituting the characteristics of a whole vehicle in order to prevent further tariff evasion and circumvention. This kind of explanation according to China's technical experts was a common practice of customs that was exercised in many countries. The Measure, in their view, was designed in a way to protect the interest of large automobile companies of the Members concerned, as well as their huge investment in China. It would protect their locally manufactured automobiles from unfair competition practices.

9.6 As for the concerns of Members regarding the consistency of the policy with China's commitment in paragraph 93 of the Working Party Report, he believed it was not against China's commitment since no spare semi-knocked down (SKD) or completely knocked-down (CKD) tariff lines were created. He noted that only when separate SKD and CKD tariff line were created could paragraph 93 of the Working Party Report be applied. Regarding the joint venture ownership requirement, China took note of the comments made but believed that what was being discussed was WTO obligation and consistency, and in this regard China did not think that there was a problem.

9.7 On the automobile type standards and recognition, this was a technical regulation issue and China was not in a position to go into details in this Committee. China took note of the comments and believed there had already been exchanges among Chinese experts and the Members concerned and China encouraged similar exchanges to clarify more technical issues in the future.

9.8 On the China Compulsory Certification (CCC) regulation, here again China believed that this was a technical regulation issue and should not be taken up in this Committee. However, to explain the background a little bit, it was a system that China had introduced in order to unify the previous CCIB and Great Wall marks, which had been unified because of the request of some WTO Members during the accession negotiations, despite of the fact that those two recognition systems had been implemented consistently with WTO rules especially regarding national treatment. After accession, China had designed the CCC system to implement their accession commitments. The CCC system was in full conformity with WTO rules. It had greatly facilitated trade, as witnessed by the strong growth of both imports into and exports out of China since China's accession.

9.9 On import prohibition of used goods, he noted that China had made its position very clear in previous meetings and he would not elaborate on this issue again. Besides the import prohibition of used goods, tariff rates on photographic products, customs classification issues, VAT for diammonium phosphate (DAP) and monoammonium phosphate (MAP) were questions that had been raised before and China's stance remained the same on these issues. Nevertheless, China would brief the Committee on the latest developments on some of these issues. On photographic products, China had suggested in their responses in previous years that experts could meet to discuss the technical details and before this meeting he had been informed that the latest expert meeting had been held in early September. On VAT for DAP and MAP, at this stage, China had no plans to revise the policy.

9.10 As for tariff rate quotas (TRQs) on fertilizers, the annual TRQ allocation, including the TRQ reserved for state trading and non-state trading were all published in form of MOFCOM announcements and were available on the MOFCOM website. Members might also refer to the Annex 1A information that had been provided to this Committee for the serial numbers of these announcements.

9.11 The representative of the European Communities thanked the Chinese delegation for his statement, however he had to express a certain disappointment that a number of the questions had not been addressed in particular on export restrictions, and that China had chosen to not go into details on other questions. He noted the argument that some of these questions had been asked before and this may be the case. However in order to avoid repetitive questions, it might be an idea for the Chinese delegation to provide the Committee with answers in writing. His delegation's questions/comments dated from 5 August 2005, so there would have been the time to do this. He was sure that answers in writing would be an appropriate remedy against repetitive questions, and a fuller and satisfactory explanation would then allow his delegation to not come back to these questions every time. However, he had taken note of the answers given on the new auto policy, and also of the fact that answers to some of the other questions would be provided in the CTG.

9.12 The representative of the United States thanked the Chinese delegation for the responses provided, and in particular for taking time from China's national holiday to come to this meeting. He noted that this was the fourth annual transitional review before the Committee on Market Access and in the view of the United States the transitional review was still a very useful mechanism especially as China continued to phase in commitments it had made in its accession agreement. The transitional review served the fundamental interests of transparency that underlined the WTO Agreement. It allowed Members to seek clarifications on China's policies and practices and to convey to China what Members' expectations were. In turn it gave China the opportunity to clarify its policies and practices and to hopefully prevent misunderstandings and trade frictions. The US submission had three areas of

focus which contained strong WTO concerns on their part. The first area was the tariffs on imported auto parts. Earlier this year, in April a new set of regulations had become effective. Those regulations were likely to result in China breaking its tariff bindings. China sought to apply the higher tariff rate applicable to complete automobiles to imported parts. These new regulations also called into question China's commitment in its accession agreement to eliminate local content requirements. He noted that the European Communities and Japan had raised similar issues and concerns and his delegation urged China to reconsider these regulations and take into account Members' concerns. The next area of focus was export quotas, in particular, on coke a key steel input/import. He was disappointed that the Chinese delegation had not responded to their questions on this issue. In the past it was true, for example, last year that this issue came up both before the Committee on Market Access and the CTG. His delegation as well as others had raised it in this Committee, but China's responses had been incomplete. As a result when the CTG had conducted its review, of which the first part is to review the reports received from the subsidiary bodies, his delegation had raised those questions again in an attempt to get full responses from China. As a result, he would not call them repetitive questions. But, his delegation did look forward to China's response on this issue in the CTG, in particular his delegation was seeking confirmation that China would eliminate the export quotas on coke in 2006. There was a general WTO prohibition on export quotas and earlier this year an official from China's National Development and Reform Commission had stated publicly that these quotas on coke would be eliminated in 2006, but his delegation had not yet seen any formal announcement from the Chinese government. His delegation's last area of focus dealt with trading rights on books, newspapers and magazines. China had not responded to this issue because China's view was that this was a state trading question. However, the US view was that this was not. China reserved the importation of books, newspapers and magazines to state trading enterprises, however in China's accession agreement China had committed as of December 2004 to allow foreign firms and individuals to import books, newspapers and magazines. As a result, in the US view, it was no longer a state trading issue but a right that Members should have given China's commitment in its accession agreement. This issue had two components, first was the right to import as already mentioned and the commitments in China's accession agreement were very clear on this. As of December 2004, foreign firms and individuals should have the right to import these products. A related right was the right to distribute those products once they had been imported. On that issue, China had committed to allowing foreign firms to distribute books, newspapers and magazines freely as of December 2004. There had been an exemption up until that time. His delegation had raised questions with regard to distribution services before the Council for Trade in Services (CTS) a few weeks ago. At that meeting China had indicated that it wished to respond to these questions on distribution services before the Committee on Market Access, when it would also address the question of trading rights for books, newspapers and magazines. His delegation was disappointed that China did not have a response to those two sets of issues at this meeting. He urged China to respond to those questions and to reconsider its measures, and looked forward to responses on these issues before the CTG.

9.13 The representative of Japan acknowledged that the TRM process provided very important opportunities for WTO Members to confirm, clarify and understand progress made by China to meet its accession commitments. He joined the United States in thanking the Chinese delegation for being at this meeting despite very important national holidays. Much progress had been made by China to meet their commitments. However, Japan was still concerned with several issues as shown in its paper. Many of them had been raised by the United States and the European Communities. He wished to focus on two issues, in particular. One concerned tariffs on photographic products, and the other concerned export licensing on coke. He thanked China for its explanation on the first issue, and it was true that there had been communication between experts this year. Unfortunately, Japan had not received a satisfactory explanation for China's current practice which consisted of China applying specific duties on several photographic products which resulted in the imposition of much higher tariffs than what China had committed to in its accession. Since Japan considered this a very important issue both in terms of the economic significance and in terms of the implementation of

China's commitments and consistency with WTO rules, Japan wished to reiterate the importance of this issue and to request China to provide reasons as to why it continued with this practice. On coke, he shared the concerns of the European Communities, and supported the European Communities' proposal that China respond to these issues in writing in order to help avoiding repetitive questions and any misunderstandings.

9.14 The representative of China thanked delegations for their comments. He also wished to clarify some points. Firstly, regarding the point made by the European Communities with regard to the issue of written responses, he believed that it was the consistent position of China from the start of the transitional review process in the WTO that this was a process where China was not in a position to provide materials in written form. However, he believed that all the information and responses provided by China were contained in the minutes of the meeting and Members should refer to those minutes. Secondly, with regard to the auto policy issue, he wished to add that since the industrial policy of automobile development in China had been in place there had been a lot of questions by Members concerning specific provisions. Members had been concerned about the ambiguity of some of the provisions. In the previous TRMs, China had responded that more detailed rules would be formulated to implement this policy and in the last year these rules had come out. Specifically, he wished to mention the two which some of the Members had looked at in detail but maybe others had not. The first one was the Ministry Decree from the Customs Administration, the National Development Reform Commission, the Ministry of Finance and the Ministry of Commerce. It was Decree No. 125 which was basically "the Measures Concerning Administration of the Auto Spare Parts which would have the Characteristic of a Whole Automobile/Vehicle". The second one was the announcement made by their customs authorities, Announcement No. 4 of the year 2005, which further detailed the criteria/rules as to how to verify and implement the detailed provisions in these rules. With that, he believed the process was very clear and transparent. There was a different question with regard to whether there were local content issues involved, whether there were tariff binding commitments involved. In China's view, this did not have any implication with regard to TRIMs measures basically because it did not relate in any way to the investment measures themselves. As to the tariff binding commitment, China was looking into the details of these rules and wanted to make sure that they were in conformity with their commitments. On the point that had been raised by United States on export restriction and trading rights, he would respond to this question in the CTG meeting. Lastly on the question from Japan on the photographic products, in referring to the minutes of the last meeting of the Committee last year, there was a fairly long paragraph explaining China's position. China was of the view that it was consistent with the commitment made. Specifically, there was no provision in this organisation which said that Members could not apply specific duties on these products as long as the specific duties imposed were not higher than those committed in China's schedule. He took note of the concerns of the Japanese delegation and proposed to have an exchange among experts on the details of how those calculations should be done. He believed that progress between the two sides had been good. He encouraged exchanges of this kind on technical issues among experts. Such exchanges were helpful in further clarifying the position of each side.

9.15 The Chairman noted that the report² of the review, as in previous years, would be a brief factual report indicating that the review had taken place, an acknowledgment of the documentation submitted pursuant to the review, and a reference to the discussions that had taken place, as reflected in the minutes of this meeting.

9.16 The Committee took note of the statements.

² Issued as G/MA/164 and Corr.1.

10. Draft Report (2005) of the Committee to the Council for Trade in Goods (G/MA/SPEC/31)

10.1 The Chairman noted 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 2005, was circulated in document G/MA/SPEC/31. The report would be updated in light of today's meeting.

10.2 The Chairman noted that following last year's procedure, the updated draft report would be sent to the Members by fax, and if no comments were forthcoming within a certain time period then the report³ would be considered adopted. If there were minor changes, a revised report would be circulated with the changes marked clearly and if no comments were submitted within a certain time frame, the revised report would be considered adopted.

10.3 It was so agreed.

11. Election of the Vice Chairperson

11.1 The Chairman noted that as he had indicated at the last formal meeting he intended to hold informal consultations on a Vice-Chair of the Committee for 2005. He had completed those consultations and had already informed the Members of the results of those consultations on 29 June 2005 at the time of the technical briefing. On the basis of the understanding reached, he proposed that the Committee elected Mr. Josip Pervan (Croatia) as Vice-Chair of this Committee by acclamation.

11.2 The Committee elected Mr Josip Pervan as Vice-Chair.

12. Other Business

(i) *Date of the next meeting*

12.1 The Committee took note that the multilateral review as provided for under the WT/L/605 procedures may take place in early December to examine 24 schedules. It also took note that the next meeting of the Committee would take place in the Spring of next year. However, no definitive date had been fixed as yet.

³ Issued as G/L/748.

ANNEX 1

HS 2002 transposition project:

The pace of work of the HS02 project has been a bit slower than anticipated due to the complexity of the task at hand. The challenges the Secretariat has been facing relate to two major issues:

1. the complex nature of some of the World Customs Organization (WCO) concordances which are not always clearly documented. This relates, in particular, to the lack of detailed descriptions of the ex-outs of HS96 subheadings.
2. a number of inconsistencies in Members schedules, often relating to Pre-Uruguay Round commitments, and their treatment in the CTS became apparent. These needed to be identified and resolved before undertaking the actual transposition. It is for that reason that in nearly all cases the HS02 transposition was accompanied by a revision of the related CTS file of the Member concerned. It is obvious that this required more work than anticipated but at the same time it will lead to an improvement in the quality of CTS.

A number of developing country Members had already made HS 2002 submissions. These submissions proved helpful to some extent in identifying some of the detailed national concordances. However, they could not be taken entirely as the basis for the Secretariat work because they did not follow the methodology laid down in the annex to the General Council decision (WT/L/605). Therefore in the first instance the Secretariat undertook its own transposition and then compared the results with the national submission. This served as a cross-check of the Secretariat's work. Deviations were closely scrutinised and validated. A detailed comparison was then established between the Secretariat's work and the Member's submission. It was felt that this would aid country experts to appreciate and subsequently approve the Secretariat's work.

So far, the Secretariat has received substantive comments in only two cases. These have already been clarified with the national experts. The remaining HS02 files sent out so far may have been approved implicitly since no comments were received within the 60 day period following the date of the communication transmitting the draft HS02 file to the Member (See paragraph 8 of WT/L/605). Members concerned would need to clarify in writing the situation.

As the Secretariat's team gained more confidence and experience in the transposition work, more rigorous quality controls have been put in place to ensure uniform and consistent treatment. In order to avoid, as much as possible, ex-post corrections of files already sent out to Members it is planned not to send a small number of files every month but rather to send a larger batch every three months. The next batch of draft HS02 files will therefore only be sent by end November.

Work plan

The work on the transposition of developing Members' schedules is well underway. Out of the 113 schedules of developing Member covered by the project, 24 draft HS02 files have already been sent to Members and another 17 draft HS02 files are ready or close to completion. There are two Members whose schedules are already in the HS 2002 nomenclature. The cases of the remaining 70 Members can be categorized as follows:

- 1) There are forty seven Members have their schedule in HS 1996 and are not subject to outstanding certification proceedings;

- a) A tariff line link has already been established and the binding situation is well defined (18 Members);
 - b) No tariff line link exists yet because of missing MFN applied duties in the IDB, but the situation of bindings can be established;
 - c) No tariff line link exists yet because of missing MFN applied duties in the IDB and the situation of bindings cannot easily be established;
- 2) There are six Members which require a double transposition from HS 1992 via HS 1996 to HS 2002.
- 3) There are seventeen Members in HS 1996 which are not yet fully certified; Uncertified commitments could affect the transposition to HS2002.

It is planned to proceed in the order shown in the list. By the end of this year it is expected to have finished most of the Members falling under categories 1) and 2) except for LDC Members. For some Members in category 1.c close cooperation with Members will be required to establish clearly the situation of bindings. The Members under category 3) whose schedules are not yet fully certified are expected to be significantly reduced by the end of 2005 so that these Members can be dealt with in the first quarter of 2006.

It is appropriate to highlight at this point again the importance of submissions to the IDB. MFN applied tariffs for the year 2001 are an essential input for the calculation of base rates for unbound tariff lines and imports for the years 1999-2001 are needed in the context of the flexibilities for developing Members. More recent years are required for any ongoing trade policy work. This is not only crucial for the transposition but also for the negotiations as such.

CTS TRANSPOSITION FOR DEVELOPED MEMBERS

The verification of the developed country Members schedules has now also been taken up by the IDB Section as additional funds have been made available for that work. Documentation for HS 2002 changes submitted by developed Members to the Secretariat will be analyzed, and comments will be communicated to the Members concerned for their review. It concerns the submissions of Australia, Canada, European Communities, Iceland, Japan, Norway, New Zealand, Switzerland and USA. This verification exercise covers the three main areas:

1. Consistency of Member's submissions

Four main sources of inconsistencies have been identified:

- (a) In the concordance tables, for a pair of HS 1996 and HS 2002 codes, different bound duties have been reported, in particular:
 - o Duties higher in the HS 2002 nomenclature than in the HS 1996;
 - o Duties higher in the HS 1996 nomenclature than in the HS 2002;
 - o Differences in lines with non-*ad valorem* duties that need to be checked manually.
- (b) For the same item in the HS 2002 nomenclature, different duties reported in the concordance tables and in the HS 2002 schedule.
- (c) HS02 codes reported in the concordance tables but not in the HS 2002 schedule.
- (d) Presence of invalid codes at the HS 1996 and/or HS 2002 6-digit level in the concordance tables or in the HS 2002 schedule.

2. Differences with the current CTS database

The HS 1996 duties reported in the concordance table associated with the transposed HS 2002 schedule were compared with the CTS database. Differences will be analysed and compared with the underlying commitments.

3. Differences with the WCO standard concordance tables

The WCO standard concordance tables have been used as the basic tool for the transposition of developing Members schedules. When comparing developed Member's concordance tables with the WCO standard tables, some inconsistencies have been revealed that can be summarized as follows:

- Submitted concordance tables are not complete, i.e. they do not include all the concordances covered by the WCO in their documentation (JOB(05)/124).
- Items not present in the WCO standard table are included. Such "extra" codes imply a different transposition of the HS changes, i.e. the allocation of old subheadings to the new ones differs from the standard one.

Editing for multilateral review

Any observations resulting from the analysis outlined above will be discussed with the Members concerned with the aim of reaching an agreement with them. In line with the approach applied to developing Member's schedules, any outstanding issues will be reported by the Secretariat as its own comments when releasing for multilateral review the draft HS 2002 transposition file of the Member concerned. The format of the files for the multilateral review will be the same as that adopted for developing country Members.

ANNEX 2

IDB Submissions

Since the circulation of the Status of Submissions document, G/MA/IDB/2/Rev.22, the Secretariat received the following submissions:

- | | |
|-----------------------------|------------------------------|
| • Argentina | Imports for 2003 |
| • European Communities | Imports for 2004 |
| • Philippines | Revised tariff data for 2001 |
| • Serbia | Tariff data for 2005 |
| • Iran, Islamic Republic of | Imports for 2002 |

IDB Dissemination and Uses

The Secretariat continues to load information onto the IDB Internet File Transfer Facility on a monthly basis. As of 30 September 2005, files for 106 Members⁴ and four acceding countries and separate customs territories are available on the IDB website.

On the uses of IDB and CTS data, in the context of the Negotiating Group on Non-Agricultural Market Access, a document was prepared on tariff lines bound at low rates (**TN/MA/S/15**) which was based on information from the CTS and the IDB. Following a joint request from six Members (Côte d'Ivoire, Kenya, Rwanda, Tanzania, Uganda and Zimbabwe) in the context of a proposal submitted to the Special Session of the Committee on Agriculture (JOB(05)/113 refers), two reports were prepared from the IDB and CTS databases entitled "Tariff And Trade Information on Selected Agricultural Commodities", covering products listed in Annex 1 of the Agreement on Agriculture (**JOB(05)/160 and its Addenda 1 - 7**) and "Tariff And Trade Information on Selected Non-Agricultural Commodities", covering selected products not listed in Annex 1 (**JOB(05)/162**). The Secretariat also produced another report "Final Bound In-Quota and Out-of-Quota Duties" (**JOB(05)/74**), sourced from the CTS database for the Special Session of the Committee on Agriculture.

Technical Assistance

Since the March 2005 meeting of the Committee, Secretariat staff have undertaken

- 3 national workshops on IDB and Non-agricultural Market Access in Malaysia, Panama, Philippines;
- 6 regional workshops on Non-agricultural Market Access in Austria (Joint Vienna Institute, for Eastern Europe), Cameroon (JITAP), Colombia, Kenya, Myanmar and Trinidad and Tobago.

IDB/CTS Software Development

Internet Analysis Facility

A new version of the Internet Analysis Facility (IAF) was released in July. New features include query selection criteria for CTS information, a report on the CTS tariff concessions and a report on Tariff Quotas. Additionally, the IDB Glossary of Terms, which is included in the

⁴ This counts the European Communities as one for its 25 Members and Switzerland and Liechtenstein as one.

application, has been completely revised and is now available in French and Spanish. Another report on Export Subsidies is under development. On the hardware side, the IAF server will be replaced in the coming weeks but this should not cause much disruption to the IAF service.

The portable IAF (beta version), which operates from data distributed on a DVD and requires no Internet connection, should be distributed this month or next. This will depend on when the Secretariat receives a fix to an unusual technical problem from Microsoft.

Change of MS Access file format

Presently IDB and CTS files are posted to the Internet File Transfer Facility in MS Access 97 format. In 2006, the Secretariat plans to switch to MS Access 2002 format, which cannot be opened by MS Access 97 desktop software. Members are requested to notify the Secretariat via e-mail (idb@wto.org) if they are still using MS Access 97 desktop software.

AVE Forums

In May, at the request of for the Special Session of the Committee on Agriculture, the Secretariat established an on-line forum where Members can post comments and replies on the submissions of *ad valorem* equivalents (AVE's). A similar facility for the submissions of AVEs for the NAMA negotiations was made available last week. These forums, which are password protected, can be accessed via the Members' website.
