

# WORLD TRADE ORGANIZATION

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## REPORT (1998) OF THE COMMITTEE OF PARTICIPANTS ON THE EXPANSION OF TRADE IN INFORMATION TECHNOLOGY PRODUCTS

1. The Committee of Participants on the Expansion of Trade in Information Technology Products, hereinafter referred to as the Committee, was established pursuant to the provisions of the Ministerial Declaration on Trade in Information Technology Products (WT/MIN(96)/16), hereinafter referred to as the Ministerial Declaration, and the Implementation of the Ministerial Declaration on Trade in Information Technology Products (G/L/160), in order to carry out the provisions of paragraphs 3, 5, 6 and 7 of the Annex to the Declaration.
2. The Committee has held ten formal meetings in 1998: on 12 February, 25 March, 27 March, 23 April, 4 June, 26 June, 30 June, 17 July, 23 October, and 20 November. The minutes of these meetings are contained in documents G/IT/M/4 to G/IT/M/13. Mr. M. Harvey (New Zealand) was elected Chairman of the Committee.
3. Membership in the Committee is open to representatives of all participants. The Committee's rules of procedure provide for observer status in the Committee to WTO Members which are not participants to the Ministerial Declaration and Governments that are observers to the Council for Trade in Goods. Furthermore, requests for observer status by international intergovernmental organizations would be considered on a case-by-case basis. Currently, the Organization for Economic Cooperation and Development (OECD) has been granted observer status, and the World Customs Organization (WCO) has been granted observer status to meetings where the issues of HS classification and HS amendments are included in the agenda.
4. The Committee's work during the year focused on the Review of Product Coverage as envisioned under paragraph 3 of the Annex to the Ministerial Declaration (WT/MIN(96)/16), and paragraph 7 and the Annex of the Implementation of the Ministerial Declaration on Trade in Information Technology Products ("Implementation of the Ministerial Declaration") (G/L/160). According to the procedures for the Review, participants were invited to submit lists of additional information technology products for possible additional tariff concessions. Fourteen such submissions (G/IT/SPEC/1-14) were made, and upon which a consolidated list (G/IT/SPEC/15) was produced and circulated to participants as well. These submissions served as the basis for the ongoing negotiations throughout the year, however they were further revised and clarified as the negotiations continued. The document on Implementation of the Ministerial Declaration provided that no later than 30 June 1998, the Committee should meet to decide whether to revise Attachment A or B to the Annex to the Ministerial Declaration. On 30 June 1998, the Committee met and decided to extend the negotiations until July. Furthermore on 17 July, the Committee agreed to again prolong the negotiations and that the Chairman would undertake to consult with participants by the end of September in order to assess the situation with respect to the ongoing negotiations. His consultations indicated that participants were still discussing some of the difficult outstanding issues and he believed these discussions should continue. On 23 October the Committee met to further assess the situation and the Chairman proposed that the Committee reconvene in the week of 16-20 November in order to conclude the process. On 20 November the Committee met again whereby participants considered a

"Proposal" put forth by a number of participants. It was decided that delegations should have more time to consider the proposal and that time was also needed to address extended staging issues. The Committee agreed to the Chairman's suggestion to submit tables of extended staging by 4 December, and to convene a meeting on 11 December to take a decision on the proposal and the Review.

5. During the year, the Committee has also consistently reviewed the status of implementation, a summary of which is provided in document G/IT/1 and its revisions. It was noted that most participants had submitted the formal documentation for rectification and modification of their WTO schedules in order to incorporate the commitments arising from the Ministerial Declaration, while a few were still awaiting the completion of domestic procedural requirements.

6. Pursuant to the provisions of the Ministerial Declaration, the Committee also addressed divergences in classifying information technology products. Early in the year much progress was made in clarifying these divergences especially as they related to semiconductor manufacturing and testing equipment. While agreeing that the work should continue on this issue, the Committee concentrated on the Review of Product Coverage for the latter part of the year, and therefore agreed that it would revert back to this important aspect of the Committees' work after the Review was complete.

7. The Committee noted that paragraph 3 of the Annex to the Ministerial Declaration equally required the Committee to consult on non-tariff barriers during the course of its work. Accordingly, the Committee consulted on non-tariff barriers and as a result of these discussions a number of participants expressed an interest in further discussing standards-related matters and import licensing practices, specifically as they related to information technology products. The Committee agreed to conduct a survey on standards-related matters (G/IT/4). The deadline for replies was 15 April 1998, and at present, there have been 22 formal replies.

8. During the year, the Committee took note of the interest expressed by China, Latvia, Kyrgyz Republic, Mauritius, and Panama to become participants to the Ministerial Declaration. Of the draft schedules of commitments submitted, only the schedule of Panama was formally approved, and Panama became the forty-fourth participant to the Ministerial Declaration.

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