

MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

Progress Report: Discussions on Electronic NTBs¹

Communication from Korea

The following communication, dated 20 September 2005 is being circulated at the request of delegation of Korea.

Introduction

1. This report has been prepared to inform the Negotiating Group on Market Access (NGMA) of the current state of the discussions on non-tariff barriers (NTBs) in the electronics industry.
2. Paragraph 14 of Annex B of the July framework envisages request/offer, horizontal or vertical approaches as the modalities for addressing NTBs in the NAMA negotiations. Korea presented as its contribution to the vertical approach for addressing NTBs a paper entitled, "NTBs of the electronics industry (TN/MA/W/6/Add.4)" on November 2004.
3. Informal group meetings on NTBs in the electronics industry have been launched to address NTBs through the vertical approach. Korea has hosted five such meetings since February, in tandem with regular NAMA negotiations meetings with attendance by various members from both developing and developed countries. The fourth meeting in June was held in the form of a joint session where representatives from the electronics business community attended. E-dialogue is underway among those participants in the informal group meetings in order to continue discussions even during the intermission.
4. This report is a factual summary of the work undertaken by the group since its establishment, which includes information on its meetings up to the present. Korea hopes that this report will appropriately respond to the recent request from the chairman of the NGMA that transparency be assured through substantive reporting in the multilateral setting.

¹ This report was circulated at the meeting of the Negotiating Group on market Access held on 21-22 September 2005

Summary of Discussions

A. FIRST MEETING

1. The first meeting was held on 2 February 2005 with 12 participants.² Participants had productive discussions on the operational details and agenda regarding the future meetings. They shared the following views:

- The informal meetings will have to place more focus on substantial issues, such as actual NTB cases, rather than on procedural matters.
- The meetings will have to be undertaken in an open-ended way.
- The results of the meeting should be reported to the plenary session in an appropriate fashion so as to ensure transparency.
- With regard to the NTB list issued by notifying countries, detailed information on the nature of each notified NTB will have to be duly provided.

B. SECOND MEETING

1. During the second round of the meetings held on March 17 in which 9 members³ attended, two NTB issues were raised by the United States: first, duplicate testing for each individual model in a series of similar products with similar performance characteristics; second, standards focused on design rather than performance, such as e-accessibility regulations in favour of certain technology. The U.S. gave further explanations on the nature of NTBs and general discussions followed.

C. THIRD MEETING

1. The third meeting was held on April 27 with 11 participants.⁴ Participants began to discuss individual NTB cases, which had been put forward by them. At the meeting, Korea submitted four NTBs: minimum import price system, import substitution policy, safety standard certification procedure, and redundant customs inspections. (Two issues - import substitution policy and safety standard certification procedure - have been withdrawn for further verifications in June.) The United States also raised another issue which relates to unique prescriptive testing and certification methods and standards that lack international recognition.

2. With regard to individual NTB cases, the participants shared the view that participants could raise any issue of concern to them through the tabling of a brief statement of the problem and its commercial impact. Participants then exchanged views on how to determine: a) whether a particular NTB is the one that can be of shared concern; and b) if so, what possible ways there could be to address such concerns.

² Australia, Canada, EC, Hong Kong China, Japan, Korea, Malaysia, New Zealand, Singapore, Switzerland, Chinese Taipei, and the United States of America

³ Australia, Canada, Hong Kong China, Japan, Korea, Singapore, Switzerland, Chinese Taipei, and the United States of America

⁴ Australia, Canada, EC, Hong Kong China, India, Japan, Korea, Malaysia, Singapore, Chinese Taipei, and the United States of America

3. The participants also recognized that the expansion of participation was the key to the success of the discussions. In this regard, Korea expressed its view that it would be desirable to identify NTBs that meet the following criteria and to seek solutions to them:

- NTBs that members may have a common interest in
- NTBs that would help advance trade expansion
- NTBs that, once resolved, could benefit all members

D. FOURTH MEETING: JOINT SESSION

1. On June 7, the fourth meeting was held in the form of a joint session where both government officials from 10 members⁵ and industry representatives attended after meeting of government officials. The business representatives included officials from the ITI (Information Technology Industry Council) and JEITA (Japan Electronics & Information Technology Industries association).

2. The business representatives expressed their view that NTBs undermine the benefits that could be gained through tariff reduction by delaying time to market, limiting design flexibility and causing unnecessary administrative costs for manufacturers. They highlighted some NTB cases, especially those related to customs classification of IT and non-IT converged electronics products, such as LCD monitors. They asked for as many NTBs in the broadest range of ICT/electronic products as possible to be addressed.

E. FIFTH MEETING

1. The fifth meeting was held on 20 September with 9 members.⁶ Participants had constructive and fruitful discussions on a number of individual NTBs, including a new customs classification-related NTB raised by Japan. Discussions also focused on how to achieve a more concrete and tangible progress in the NTB negotiations.

2. The participants took note that they may need to sort out some of the NTBs currently on the table according to their priority as they intend to move the discussions forward in a more action-oriented way. They agreed to further explore the way of prioritizing the NTBs as they continue to exchange views and information on NTBs, in particular, through e-dialogue. They also exchanged their views on how to prepare "specific written negotiating proposals." In this regard, it was suggested that one of the useful ways to do this would be to develop a short paper which describes the nature of a particular NTB, its economic impact and its possible solutions.

3. They shared the view that this Progress Report would be useful in helping address the issue of transparency. They also exchanged their views on how to expand and encourage greater participation in the electronic NTB resolution process.

E-dialogue

4. An "electronic dialogue" has been launched to further facilitate and continue discussions even during the intermission among participants. Discussions on some NTBs such as the one that is related to customs classification are under way through e-dialogue.

⁵ Australia, Canada, EC, Japan, Korea, Mexico, Switzerland, Chinese Taipei, Thailand, and the United States of America

⁶ Canada, Japan, Hong Kong China, Korea, Malaysia, Switzerland, Singapore, Chinese Taipei, and the United States of America

Next Steps

5. Participants plan to continue to exchange views on the NTBs that have been put forward for discussions. Once those NTBs of shared concerns have been identified and sufficient information has been gathered regarding their nature and extent, participating members will discuss how to address them in the context of the Doha negotiations. The enclosed flow chart is intended to help members better understand how NTBs, including those in the electronic industry, can be addressed.

- It would be efficient to first identify NTBs frequently faced in trade by certain industries, then seek solutions to them through plurilateral meetings and then finally to multilateralize the outcome. Such an approach would be preferable because NTBs are by nature factually and technically complicated so that it would be better for interested members to start discussions on the specific NTBs facing them.
- However, during that process, concerns should be appropriately and timely addressed over transparency and inclusiveness.

6. The meeting is and will remain open to all members who are interested in the exercise. The informal group encourages members to provide their comments on the electronic NTBs that have been put forward for discussion. They can do so either by attending the meeting or by e-mailing their opinions to Korea's contact point (multi@mocie.go.kr and wto@mofat.go.kr). Similar reports will be duly prepared and submitted to the NGMA as discussions proceed.

Work Chart on How to Address NTBs

September 21, 2005, by Korea

