

**GENERAL AGREEMENT  
ON TARIFFS AND TRADE**

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**INTEGRATED DATA BASE**

**IDB USER REFERENCE MANUAL**

**PART I**

**GENERAL OVERVIEW**

**Note by the Secretariat**

## GENERAL OVERVIEW

### I. Background

The GATT Secretariat has maintained a data base on tariffs and trade since the early seventies. The first GATT data base, known as the Tariff Study, contained information on customs tariffs and imports of eleven OECD markets (including the European Communities counted as one market). The Tariff Study was designed to analyze the tariff situation in the developed markets after the Kennedy Round. Under the guidance of a group of technical experts from governments, the Secretariat prepared several analyses of the tariff situation during the early seventies. A final analysis was published before the Tokyo Round in four volumes known as "the Basic Documentation for the Tariff Study".

During the Tokyo Round, the Tariff Study exercise was continued to assist the participants in the negotiations. Access to the Tariff Study data was restricted to the 11 contracting parties participating in the exercise. However, during and after the Tokyo Round, the participants authorised the Secretariat to provide developing countries with summary information extracted from the Tariff Study files concerning products of export interest to them.

Between 1980 and 1987, the Tariff Study files continued to be updated on an annual basis to follow the application of the Tokyo Round concessions which were implemented in eight annual stages starting 1 January 1980.

In 1983, a group of technical experts from governments was convened to analyze the feasibility of establishing a data base containing information to be used in Article XXVIII negotiations which were necessary before the Harmonised System could be implemented. Article XXVIII negotiations concern the modification of GATT Schedules, i.e., a contracting party may modify or withdraw a concession "by negotiation and agreement with any contracting party with which such concession was initially negotiated and with any other contracting party determined by the Contracting Parties to have a principal supplying interest ... and subject to consultation with any other contracting party determined by the Contracting Parties to have a substantial interest in such concession". The Secretariat established, in parallel with the Tariff Study, the HS common data base in which only the five major developed markets participated.

From 1986, the Group of experts on the HS data base studied the feasibility of replacing the Tariff Study exercise by a new data base in which all GATT Contracting Parties would be invited to participate and which would cover not only customs tariffs and imports but also non-tariff measures and, if feasible in the future, any additional statistics which could be "integrated" with the above three areas.

In November 1987, the GATT Council launched the Integrated Data Base (IDB) and the Group of experts on the HS data base became the Informal Advisory Group (IAG) on the IDB in which experts from all Contracting Parties were invited to participate with a view to guiding the Secretariat in the preparation of the IDB and reporting to the Council on the progress of the work.

The IAG held meetings every three months in 1988 and 1989 and the Secretariat organised two one-week seminars on the IDB in June 1988 and in October 1989. Initially, the Secretariat proposed draft formats for the submission of the data and a tentative design of the IDB in documents IDB/W/1, 2 and 3. The views expressed by participants in these meetings and seminars were reflected in a revised version of the IDB documentation contained in documents IDB/W/4, 5 and 6.

## II. The GATT Council decision of November 1987

Before the Council decision of November 1987, the Contracting Parties had two obligations with regard to the notification of information: to notify to GATT their consolidated customs duties (bound duties) and, every two years, to notify the quantitative restrictions (QRs) which they applied.

The Council decision recommends that participants in the IDB submit to GATT, on an annual basis, their import statistics, their customs tariff duties, bound and unbound, and the QRs which they maintain. All information is to be submitted at the tariff line level.

The Council decision also recommends that, when the IDB is operational, all Contracting Parties will have access to the data base. Although the Council decision does not indicate when the IDB could be considered as operational, participants have stated that the data base could be considered as operational when it covers at least 90% of GATT trade.

Contracting Parties were invited to notify the Secretariat if they intended to participate in the IDB. So far, some forty-five contracting parties (the E.C. being counted as one) participate in the IDB. The forty-five contracting parties account for over 97 per cent of the total merchandise trade of GATT Contracting Parties.

## III. Information to be prepared in capitals for the IDB

The information to be submitted for the IDB is clearly defined in the November 1987 Council decision. However, participants stressed that the IDB should be designed so that it could be used not only to follow over time the market access measures taken by the participants but also to offer a useful tool for the negotiations, whether multilateral, bilateral, under Article XXVIII (modification of concessions) etc.. In view also of the limited staff available in the Secretariat, the information should be submitted on computer media, using, as far as possible, a standard format.

Under the guidance of technical experts of the IAG, the Secretariat identified all elements of information which were necessary to answer the needs expressed in previous GATT negotiations. As a result, the definition of the elements of information included in the various domains of the IDB is very technical and often complex.

Basically, each participant should prepare four files: import statistics, customs tariff, GATT consolidated schedule and QRs. The four files should be recorded in the same nomenclature, that is, the customs tariff nomenclature, and in the detail of the customs tariff lines. The following paragraphs summarize the information recorded in each of the files. Finally, if import statistics are not collected in the exact detail of the customs tariff, i.e. if an item in the import file covers a group of products subject to different duties in the customs tariff, a feature is offered to associate to the import item an average of the duties applicable.

### A. *Import statistics*

The import statistics file contains, for each tariff line, the value and quantity(ies) of imports by countries of origin. The value of imports should be the value used for the purpose of collecting customs duties. If the customs value is not the cost, insurance and freight (CIF) value, the CIF value should also be provided, if possible. For each country of origin, there should be an indication of the type of "relationship" existing between the import market and the country of origin and an indication of the type of "tariff treatment" accorded, by product, to each country's exports.

The example below illustrates the use of "relationship" and "tariff treatment" indicators.

The United States import shirts, glasses and containers from Canada, Argentina and Switzerland. Canada has a preferential relationship with the U.S. under the U.S.-Canada free-trade agreement (FTA). Argentina has a preferential relationship with the U.S. under the Generalised System of Preferences (GSP). Switzerland has a most-favoured-nation (MFN) relationship with the U.S.. For the three countries, in the U.S. import statistics file, the "relation" indicators is respectively FTA, GSP and MFN.

For the above three products, Canada benefits from duty-free preferential treatment. Argentina benefits from duty-free GSP preferential treatment for containers only. Switzerland benefits of course from MFN treatment for the three products. For Canada, the "treatment" indicator is "FTA" for shirts, glasses and containers. For Argentina, the "treatment" indicator is "MFN" (no preference) for shirts and glasses and "GSP" for containers. For Switzerland, the "treatment" indicator is "MFN" for the three products.

In other words, the "relation" indicator is country-specific and the "treatment" indicator is product-specific.

The "relation" or "treatment" codes which can be used are the following:

Code

0 - MFN: most-favoured-nation

1 - FTA: free-trade area (e.g., EFTA, U.S./Canada, U.S./Israel, Australia/New Zealand, Andean countries, Asean countries, etc.)

2 - ZONE: regional preferential agreement (e.g. E.C. trade with EFTA countries)

3 - OTHER: other preferential arrangements (e.g. E.C./Israel, Bangkok agreement, etc.)

4 - GSP/MFN: GSP preference to developing countries which, in the absence of GSP, are entitled to MFN treatment

5 - GSP/PREF: GSP preference to developing countries which, in the absence of GSP, are entitled to FTA, ZONE or other preferences

6 - GSP/GEN: GSP preference to developing countries which, in the absence of GSP, are entitled to general treatment as specified below

8 - GENERAL: general treatment (less favourable than MFN) applied to non-GATT members in some import markets

9 - UNSPEC.: unspecified treatment (e.g. imports from unknown origin)

**B. *Customs tariff***

- (1) The customs coded tariff file contains, for each tariff line, the customs duties applicable, for the reference year covered, under each of the above tariff treatments, where relevant.

(a) For MFN duties, the file contains three types of duties:

- MFN bound duty: for each tariff line on which a GATT concession has been offered, the most recent MFN concession offered.

- MFN statutory duty: "Statutory" duties, also known as "legal" or "autonomous" duties, are the legal customs duties which are normally published in the customs tariff law voted by Parliament. Usually the "statutory" duty applies when the tariff line is unbound or, if the tariff line is bound, when it is lower than the GATT bound duty.

- MFN temporary duty: "temporary" duties refer to customs duties which are applied for a limited period of time (sometimes for an "undetermined" period of time). These "temporary" duties are sometimes voted by Parliament or, more often, decided by the government for economic reasons (inflation, balance of payments etc.).

If the tariff line is bound, the MFN statutory duty can be lower than or equal to the MFN bound duty, but it cannot be higher. Similarly, the MFN temporary duty can be lower or higher than the MFN statutory duty but, if the tariff line is bound, it cannot be higher than the MFN bound duty. In addition, the customs tariff file contains the MFN duties which were used as a base for the last round of negotiations. When the Uruguay Round negotiations are completed, the files will contain:

- the pre-Uruguay duties, i.e., bound duties as of 1988 and, for unbound items, duties applicable as of September 1986;

- the duties offered during the Uruguay Round.

(b) For preferential duties, the file contains all duties applicable under FTA agreements, regional agreements, other preferential arrangements and GSP. If, under the GSP, a country grants a differentiated treatment to the least developed among developing countries (LDCs), the duty applicable to LDCs is also recorded. It is possible, under the IDB format, to associate to each duty the country or the group of countries to which the duty applies.

(c) Duties applicable under the general treatment (see definition of relation/treatment codes above) could also be recorded.

Each duty is identified by a three-digit code: the duty type. The first digit of the duty type is the treatment code as recorded in the import file. In addition, a separate field can be used to identify to which country the duty applies. The link between the customs tariff file and the import file is the tariff line number, the "treatment" code and, where applicable, the code of the country to which the duty applies. For example, if for a given tariff line a country is recorded in the import file with "treatment" code "2", the duty applicable can be found in the tariff file under duty types starting with the digit "2". If several duties start with the digit "2", the country code preceding the duty type, identifies the duty applicable. In order to follow over time the changes in the customs tariff, the period of time during which the duty is in force is recorded for each of the above duty types, by indicating the date from which the duty has been in force and, where applicable, the date at which the duty ceased to be in force.

Each duty is recorded under record type "1", in percentage with three decimal places. In addition, various codes are attached to the duty to identify the nature of the duty (ad valorem, specific, compound, mixed, variable or other), its binding status (bound or unbound) and whether there is or not a limit within which the duty is applicable (quota, ceiling or other limitations).

If a duty is not ad valorem, the participants calculate an ad valorem equivalent (AVE) of the duty and the method used to calculate the AVE is indicated by a code. The code indicates, for example, that the AVE is based on actual duty collection (duty collected divided by the value of imports) or that it is estimated on the basis of the unit value of total imports, import from GATT member countries, imports from MFN origin, etc.. If the duty is not ad valorem, it should also be recorded, under record type "2", in a form allowing computer-programmed calculations or, if not feasible, in textual form, under record type "3". A footnote can also be attached to each duty under record type "4".

Finally, if import statistics are not collected in the exact detail of the customs tariff, i.e. if an item in the import file covers a group of products subject to different duties in the customs tariff, a feature is offered to associate to the import item an average of the duties applicable. The duties to be associated with the import item are recorded in the tariff file as sub-items, using a suffix attached to the tariff line number. The type of average calculated (arithmetic or trade-weighted) would be identified by a code.

- (2) The customs textual tariff file (GATT consolidated schedule) contains, for each tariff line, a full ("legal") product description and/or an abbreviated product description and, for consolidated (bound) tariff lines, the information reported in columns 4, 5, 6 and 7 of the GATT loose-leaf schedule notified by each contracting party. Column 4 contains a reference to the legal instrument containing the most recent concession, column 5 contains the initial negotiating rights (INRs) on the most recent concession, column 6 contains a reference to the legal instrument containing the first concession made for the tariff line and column 7 contains the INRs on all previous concessions offered for the tariff line.

### C. *Non-tariff measures*

The information concerning the quantitative restrictions is recorded in two files. The first file (the "coded" non-tariff file) contains the QRs and related information. The second file (the "textual" non-tariff file) contains, where necessary, descriptions of the products affected by the QRs. In the two files, information is recorded at the tariff line level using the same customs tariff nomenclature as in the import and tariff files.

- (1) The coded non-tariff file contains all tariff lines affected by one or more QR. The QRs which should be notified by the Contracting Parties have been defined by the GATT Council as follows:
  - 1 - Licensing (automatic or non-automatic)
  - 2 - Quotas (bilateral or global)
  - 3 - Prohibition
  - 9 - Other QRs:
    - 1 - "voluntary" restraint of exports
    - 2 - minimum price triggering a QR
    - 3 - mixing regulations

- 4 - QR made effective through state-trading
- 9 - other QRs

A distinction is made, for each of the above QRs, between seasonal and non-seasonal QRs and between QRs on imports and QRs on exports.

Each QR is identified by a numeric code and another code identifies whether the QR affects imports or exports. The period of time during which the QR is in force is recorded by indicating the date from which the QR has been in force and, where applicable, the date at which the QR ceased to be in force.

In addition, it is possible to record the country or group of countries affected by the QR, the GATT body(ies) to which the QR was notified (Committee on Agriculture, QRs Technical Group or GATT inventory of QRs), the GATT Article(s) invoked to justify the QR and the symbol of the GATT document containing the notification of the QR. Textual information can also be recorded to give details on the modalities of application of the measure or to attach footnotes to one or more elements attached to the QR. The information in the QR "coded" non-tariff file can be linked to the other files with the tariff line number.

If QRs apply to parts of a tariff line, a feature similar to the one offered in the tariff file, allows the recording of sub-items.

- (2) Descriptions of products covered by sub-items are recorded in the "textual" non-tariff file. The information in the QR "textual" non-tariff file can be linked to the other files with the tariff line number.

#### **IV. Processing of IDB submissions by the Secretariat**

The submissions to the IDB are processed in the Secretariat in three steps. In the first step, the "conversion" phase, the files are controlled and converted (codes, currency, etc.) to the standard data base format. In the second step, the "work data base" phase, the files are, if necessary, are complemented and corrected using an update system. In the last step, the "user data base" phase, the files are loaded into the user data base so that they can be accessed by users in the future. Refer to Annex 2 for a list of steps in each phase.

##### **A. Conversion phase**

The conversion phase concerns the processing of the files from their reception in the Secretariat to the loading of the files on the work data base. When a submission is received, the files are copied onto a GATT computer tape and the files are registered in an IDB system file (conversion log file). This system file can be queried by authorised users to obtain information on the status of the conversion of the submission. The format and contents of the files are then analyzed (mapping program) and a report is printed to show all values recorded in the various data elements. The files are printed on microfiche for future reference. All data elements are verified and discrepancies are printed with error messages (editing program). Subsequently, all national codes are converted to IDB standard codes using national reference files created by the Secretariat.

In the import statistics file, the conversion program creates a new field to record import values in U.S. dollars and creates, for each tariff line, a total for all countries of origin, a total for GATT members, a total, where applicable, for the least developed countries (LDCs) and totals

by type of relation. The conversion program also verifies the relation and treatment codes and the accuracy of the combinations of the two codes.

Before the files are loaded into the work data base, the mapping report is again produced to show the contents of the files after editing (which could entail the deletion of some records after follow up) and conversion. Finally, the nomenclature used in each file is compared with that of the "coded" tariff file (matching programs). The "coded" tariff file is the base file for the comparison since for each tariff line there should be at least one MFN duty recorded in the "coded" tariff file: the GATT duty or the legal duty.

#### **B. *Work data base***

The results of the "conversion phase" are then loaded into the "work data base" (WIDB). First, errors which might have been discovered in the conversion phase are corrected. If a participant was not in a position to prepare some data elements, the corresponding information is entered by the Secretariat. Finally, the consistency of the data recorded among the files is verified and a final report is sent to the participant concerned to obtain its authorization for the release of the information to users.

The correction of errors and the addition of missing data is done using an update system. The required update operations are specified by means of coded transactions (create, modify, delete) and are processed in batch. All changes made to the WIDB files are notified to the participant concerned by means of update reports. It is expected that the Secretariat will have to enter a large volume of data using the update system. In effect, many countries do not have their customs tariff in computerised form and it is likely that many notifications of GATT loose-leaf schedules and QRs will be made by participants on paper.

#### **C. *User data base***

The last phase is the "user data base" (UIDB) phase in which the files are stored in a data base which can be accessed by users in the future. This phase is still to be analyzed in view of the software which will be used and in view of the decisions to be taken with regard to the dissemination of the data.

At the tariff line level, the user data base contains for each participant, up to three years of information. Several options can be envisaged to provide access to the UIDB information. First, users which are connected to the International Computing Centre (ICC), a mainframe facility in Geneva, could access the UIDB on-line, using software provided by the Secretariat. Another option could be to provide copies of the data base on CD-ROMs or on computer tapes. Finally, extracts of the data base could be provided on personal computer (PC) diskettes. The use of PC diskettes is however difficult, given the large volume of information to be downloaded and given the time necessary to transfer the data from the mainframe onto diskettes (partition of the files, use of several diskettes for each file, etc.).

#### **V. *Application programs developed by the Secretariat***

The Secretariat will develop application programmes which will offer to users the possibility of extracting data from the IDB stored in the ICC or of requesting summary reports on paper or summary data which could be further processed on PCs.

The application computer programs which will be developed will analyze the IDB data from the tariff line level up to levels of aggregation which will be left for the users to choose. The basic

levels of aggregation which will be offered to users will be the six-digit level of the HS and the four-digit level of the HS or CCCN, in addition to the tariff line level.

**A. *Analyses at the tariff line level***

The first application program will allow users to request extractions from the IDB information at the tariff line level. To limit the volume of data extracted, the system will offer the possibility of selecting the tariff lines either by product sectors or according to selected criteria based on the contents of the files for each tariff line extracted. For example, a user could extract from the files of a participant tariff lines where:

- Import value is below, equal or above a given threshold;
- A given exporter is first supplier or among the first 2, 3, etc. suppliers;
- A given exporter's share in total imports is above a given threshold;
- A given exporter has an initial negotiating right;
- A duty is below, equal to or above a given percentage or within a given range;
- A given duty (MFN, GSP, LDC or other type) is recorded;
- A given QR is recorded (by specifying the QR code).

This list of criteria is only illustrative of the possibilities since extractions could be made by specifying combinations of the criteria associated with specified value(s) of any codes recorded in the files.

Tariff lines could also be extracted within a range of tariff lines, of 6-digit, 4-digit categories or within Chapter(s) of the HS.

Another possibility could be to create a glossary of key words associated with the HS 6-digit numbers whose descriptions contain the key word or are listed in the alphabetical index. This feature would allow extracting tariff lines by specifying one or more key words.

The information extracted for each tariff line could cover, on request, any data element recorded in the files for one, two or three years. The report could be displayed on a terminal screen, printed on paper, copied on tape or downloaded on the hard disk of a PC or on PC diskettes.

**B. *Analyses at aggregate levels***

The lowest level of aggregation which is common to all participants is the HS 6-digit level. Summary information would be compiled for each six-digit sub-heading and possibly stored in the IDB. The summary six-digit files would be compiled for each year and each new year would be added to the file to offer a time series of imports, tariffs and QRs.

Counterpart exports of each country to all participants in the IDB could also be compiled from the six-digit import files and stored at six-digit level.

For each six-digit sub-heading, the following summaries could be prepared.

- (1) Tariff averages of MFN duties (arithmetic and trade-weighted) would be compiled for all tariff lines and for dutiable tariff lines only. In addition the report would show the number of lines (duty-free and dutiable), minimum and maximum duties, total imports (duty-free and dutiable) and imports by type of relation subdivided according to: duty-free on a MFN basis, dutiable on a MFN basis, of which, where relevant, covered by preferences and not covered by preferences. Summaries could be compiled

for each of the three types of MFN duties (bound, statutory and temporary) and for the base duty and concessions of the Uruguay Round.

- (2) Tariff and trade profiles showing the number of tariff lines and the value of imports by MFN duty ranges, e.g., duty-free, between 0.1% and 5%, 5.1% and 10%, ..., over 200%.
- (3) Imports from principal suppliers by type of relation and/or by type of tariff treatment. These files, created at the six-digit level, will serve as a basis to compile summary analyses at the four-digit or two-digit level of the HS or for the 21 HS sections. In addition, users could have the possibility of defining product categories for their own use, such as the product categories which had been defined for the Tariff Study: 33 categories sub-divided, where feasible, according to the stage of processing or according to the type of manufacturing process.

With regard to QRs, the information recorded at this stage in the QR files is not sufficient to compile summaries since no information is quantified. QRs are recorded by codes without for instance identifying the size of quotas, the time necessary to obtain a non-automatic license, etc. Participants in the Informal Advisory Group on the IDB (IAG) stated that the Secretariat should not attempt, at this stage, to summarize information on QRs at aggregate levels. QRs will be reported at the tariff line level only.

Other summaries will be created to answer the needs of GATT bodies and participants and for the regular work of Divisions of the GATT Secretariat.

## **VI. Possible future developments**

Future developments of the IDB will be discussed in the Informal Advisory Group and will be transmitted to the Council for final decision.

Some participants have already indicated that it would be useful to include in the IDB, exports and re-exports. The possibility of recording exports is already provided for in the present IDB design. Exports would be recorded in the trade file together with imports. A code identifies at present imports ("direction" of trade, code "1"). Codes "2" and "3" would identify respectively exports and re-exports.

Some participants have indicated also that the identification of QRs could be improved by recording for example, the size of quotas, the time necessary to obtain a license, etc. This feature would have to be discussed further in the IAG before the Secretariat can adjust the format of the QR files. Some delegations have also stated that non-tariff measures (NTMs), other than QRs, could be included in the file.

As a result of the Uruguay Round, other elements may have to be added to the IDB. These elements might concern: the binding of NTMs, the recording of charges other than customs duties (excise tax, consular fees, etc.), the separate recording of tariff equivalents of NTMs.

Finally, since the IDB will contain three years of information at the tariff line level and a chronological series of data at the HS 6-digit level, any changes in the HS nomenclature will entail a break in the series. A system will therefore have to be developed to reconcile changes over years in the HS nomenclature.