

GENERAL AGREEMENT ON TARIFFS AND TRADE

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INTEGRATED DATA BASE

Seminar / Workshop of 6 - 10 June 1988

Note by the Secretariat

The GATT Secretariat organized a seminar/workshop during the week of 6 June 1988 at the request of the Informal Advisory Group (IAG) on the GATT Integrated Data Base (IDB). The purpose of the seminar was to discuss the data requirements and the formats of submissions for the IDB, with experts from interested contracting parties.

The programme of the seminar was circulated in document IDB/2 (copy attached). The supporting documentation for the discussions was distributed in documents IDB/W/1, IDB/W/2, IDB/W/3 and IDB/Q/1. Background documentation concerning the Harmonized System Common Data Base (TAR/W/47), the GATT Tariff Study, and the facilities provided by the International Computing Centre (ICC), was also made available.

The seminar was attended by experts from forty contracting parties. The list of participants is attached in the annex.

The seminar was opened by the Director General, who welcomed the participants and emphasized the importance of the IDB both for the participating countries and for the Secretariat, in the context of both the Uruguay Round of trade negotiations and GATT's regular work. In his remarks to the participants, Mr. M. G. Mathur, DDG, stressed the contribution that participation in the IDB could mean to the development of more adequate trade policy data in developing countries and the value that the GATT Secretariat attached to technical assistance for this purpose.

The points discussed during the week and the conclusions reached are summarized in the following paragraphs.

General Description of the IDB.

The Secretariat recalled that the IDB had been discussed by the Council on several occasions between 14 May 1987 and 10 November 1987. At the council meeting of 10 November 1987, the contracting parties agreed (see document L/6290) that the Secretariat could begin work on setting up an integrated data base which would initially contain information at the tariff line level concerning three categories of data: imports, tariffs and quantitative restrictions. The contracting parties stressed the need to assure the broadest possible participation in the IDB. Recognizing the difficulties some countries, particularly the developing countries, might have in supplying the necessary information, the Secretariat was requested to be ready to provide technical assistance.

The Secretariat indicated that it was difficult, at this stage, to provide a precise assessment of the overall volume of information which the IDB would represent. Based on data recorded for one reporting country and one year, the following estimates concerning each domain of information were provided:

- Trade statistics, 20 million characters.
- Tariff information, 7-10 million characters.
- Quantitative restrictions, 4 million characters.

Later, during the seminar, new data elements were identified as being required. Therefore, one participant noted that the volumes of information were underestimated since these new data elements were not taken into consideration in the estimates.

The Secretariat gave an overview of the computer facilities provided by the ICC. The ICC is a computing centre established by the United Nations General Assembly to provide data processing facilities to the United Nations family of organisations. The GATT Secretariat has been using the ICC services since 1974 to support its data processing work.

The Secretariat indicated that the staff which would be involved in the development of the IDB would comprise 5 programmer / analysts, 1 assistant programmer, 2 statisticians and 2 assistant statisticians. Ad hoc financial provisions had been agreed by the Council for the setting up of the data base (see L/6290 - Annex 1).

The Secretariat estimated that a period of 18 months will be necessary for the preparation of the data base design and implementation of computer application systems required to support the storing of information in the IDB. The Secretariat also indicated that this preparatory work could only be completed when the formats for data submission, the contents of the files and the various processing requirements had been agreed by the participants in the IDB exercise. The goal is to have the IDB fully operational in the latter part of 1989, about the time that some participants will be able to supply the first full calendar year of HS-based import data (for 1988).

Overview of the project implementation.

The information to be prepared by the participating countries is described in document IDB/W/1 in which formats for data submission were proposed by the Secretariat. The data will be recorded in 5 separate files as follows:

- (1) The trade statistics file will contain import statistics, in value and volume, in the detail of customs tariff lines, from each country of origin.
- (2) The "coded" tariff file will contain customs duties: most-favoured-nation (MFN) duties, duties applicable under the Generalized System of Preferences to developing countries (GSP) and other preferential duties, in the detail of customs tariff lines.
- (3) The "textual" tariff file will contain product descriptions for each customs tariff line and, for consolidated tariff items, the information which is reported in the national GATT loose-leaf schedules.
- (4) The "coded" quantitative restrictions (QR) file will contain, in the detail of customs tariff lines, the type of QR maintained, as notified by the contracting parties in accordance with agreed notification requirements affecting quantitative restrictions (BISD 31S/12, 221-3).
- (5) The "textual" QR file will contain descriptions of products covered by the QR, in cases where a measure covered part of a customs tariff line.

The information submitted by the delegations will be controlled, to ensure that it conforms to the IDB standard formats, using computer programmes created by the Secretariat. For each of the files mentioned above, the basic processing steps are as follows:

- Analysis of the contents of submissions (Mapping).
- Control of the conformity of formats and contents of submissions (Editing).
- Conversion of national codes (country codes, quantity unit codes) to standard IDB codes, and conversion of import values from national currencies to United States dollars (Conversion).

The Secretariat gave a description of the tentative data base design. The IDB would initially contain 5 files, one for each domain of information, as outlined above. Each file would contain data for all participating countries. Information in each file would refer initially to one year, but it would be possible, in the future, to record information for several years, if necessary. Reference files, control files and general information files would also be stored in the IDB, in order to provide users with information on the status of the data base and to facilitate the processing of the data.

The data base information will be accessible to users in various ways which are still to be determined by the Informal Advisory Group. On-line access will be possible for users who have a connection established with the ICC. It would also be possible to disseminate the IDB data via

various media : computer tapes or tape cartridges, Personal Computer (PC) diskettes, or microfiches. Analytical reports on paper or on one of the previously mentioned media could also be made available by the Secretariat.

During the course of the meetings of the Informal Advisory Group, some participants had stated that they would have technical difficulties in providing some of the data elements which were proposed by the Secretariat in the formats. As agreed in the Council decision regarding the IDB, the Secretariat would be ready to discuss with interested delegations, the extent to which it would be able to provide technical assistance in the preparation of IDB submissions.

Discussion of Data Base Input.

These discussions took place on the basis of document IDB/W/2, pages 4-24, and on the basis of document IDB/Q/1 which contains a first list of questions raised by the Secretariat concerning the formats and contents of the submissions.

(1) Inventory of data elements.

(a) Trade Statistics.

Participants stated that they had no problems with the formats proposed by the Secretariat to record trade statistics. (See IDB/W/1 - PART A.)

Concerning the nomenclature used in the submissions, the Secretariat indicated that data could be submitted according to the customs tariff nomenclature or, if necessary, according to the import statistical nomenclature. If import statistics were supplied according to the statistical nomenclature, tariff and QR information should be submitted in the same nomenclature.

Concerning the two codes proposed to identify the type of tariff relationship and the type of tariff treatment, the Secretariat distributed some examples of possible uses of these codes. Some participants stated that the information requested by the Secretariat was available and that a precise identification of preferential trade, separately from MFN trade, could be provided using the two codes proposed by the Secretariat. Other participants mentioned that they did not collect detailed statistics on preferential imports. However, they would be in a position to provide estimates using the two codes. It was agreed that, if approximations were to be made, they should be the responsibility of national authorities submitting the information.

One participant indicated that the use of the type of tariff treatment code would result in a significant increase in the volume of the statistics file, since the same country of origin could be recorded under the same tariff line as many times as necessary to identify the different types of tariff treatment accorded to its exports.

Some participants proposed that the three types of contractual preferences (codes 1, 2 and 3), distinguished in the type of tariff treatment code and in the type of relation code, should be regrouped so that only GSP preferences be identified separately from other types of preferences. Another participant expressed the view that the three types of contractual preferences should continue to be identified separately, as was done in the Tariff Study data base.

Participants agreed that only one type of import value, the customs value which is used for the purpose of collecting customs duties, should be recorded in the IDB import statistics file.

Participants stated that the proposal by the Secretariat to record trade aggregates according to the type of tariff relationship and the type of tariff treatment was acceptable (see IDB/Q/1 - page 2 - II(2)). Some participants mentioned that tariff treatment aggregates would only be meaningful if preferential trade was precisely identified using the type of treatment code. Delegations should not record trade aggregates in their submissions; trade aggregates will be compiled by the Secretariat before the submissions are loaded into the IDB.

One participant proposed that the Secretariat adopt, for the IDB, the quantity unit codes used by the United Nations rather than the codes used in the Tariff Study. Since the UN codes cover all units of measurement used in international trade, the Secretariat will adopt and adjust, if necessary, the UN coding system for quantity units, which will replace the list of quantity unit names and codes reproduced in document IDB/W/3, pages 5-7.

(b) Coded Part of the Tariff File.

The Secretariat indicated that, in the Tariff Study, it had been necessary to record tariff sub-items in cases where more than one customs duty was applicable to one tariff line (e.g. partial GATT binding), or where import statistics were less detailed than the customs tariff nomenclature. Tariff sub-items were identified using a suffix number recorded at the end of the tariff line number as shown in the example cited in document IDB/W/2 page 11. In the Tariff Study, the duty attached to the principal item was the arithmetic average of the duties under each sub-item.

Participants stated that the arithmetic average was meaningless and that it should be possible to submit trade statistics in the detail of the customs tariff, using estimated trade allocations. It should therefore be possible to avoid using the tariff item suffix altogether. Where trade allocations could not be estimated, the tariff item suffix could be used but the rate recorded under the principal item should be a trade-weighted average of the duties recorded under the sub-items.

Concerning the validity period of the duty rate, different views were expressed by participants. Some participants considered that recording historical series of duty rates in the IDB, using the validity period as part of the key, might complicate the maintenance of the coded tariff file and, presumably, make it difficult to retrieve duty information, especially for on-line users. The Secretariat proposed that the validity period of the duty rate be kept in the coded tariff file key but that it only be used to identify temporary duties applicable during the entire reference year or part of the reference year. With regard to duty rates applicable during other periods (i.e. past or future), the information would be recorded in a separate historical tariff file. Users would be able to retrieve and analyse the information as if all duties, historical or current, were recorded in one single file.

Concerning preferential duties applicable within ceilings or quotas, which ceased to be applied when the limitation was reached, the validity period recorded would not identify the date at which the preferential rate ceased to be in force. The fact that the preference was not granted during the entire year would be reflected in the import statistics file. Imports within the ceiling or quota which entered under the preferential duty would be recorded separately from imports above the ceiling or quota which entered under the MFN duty, using the type of treatment code.

With regard to the partner country entitled to the duty rate, the Secretariat indicated that the code "000" would be recorded in the data base file to identify duties which applied globally to all partners benefitting from the same tariff treatment. The partner code could also be used to record, for individual partners, bilateral ad valorem equivalents (AVE's) of specific rates.

Participants recommended that certain types of duty rates be used on a common basis by all participating countries in the IDB. The common types are as follows:

- Duty type 01 should be used to record the MFN GATT bound rate. It should be recorded if the tariff line is bound and should not be recorded if the tariff line is unbound.
- Duty type 02 should be used to record the MFN legal, statutory or autonomous rate. It should be recorded if the tariff line is not bound, or, if the tariff line is bound, where the legal rate is different from the bound rate (ceiling binding).
- Duty type 03 should be used to record the MFN rate applicable under temporary legislation, if different from the MFN bound rate and/or different from the MFN legal rate.

- Duty type 40 should be used to record the GSP rate applicable to all GSP beneficiaries.
- Duty type 41 should be used to record the special GSP rate applicable, in some countries, to the least developed among developing countries.

Other duty type codes will be used to record other preferential duties. The first digit of these codes should mandatorily correspond to the type of tariff treatment code attached, in the import statistics file, to countries to which the preferential rate applies. Thus, the first digit of the duty type would provide a link between imports and duties.

Participants recommended that all preferential duties should be recorded and that corresponding imports be identified. The second digit of the type of duty rate would be used by each country according to its needs.

Concerning the duty rate expressed in percentage which is recorded in the file under record number "10", participants recommended that duty-free rates would be recorded as "000000" (zeroes), that duty rates which are not available in percentage terms would be recorded as "999999" and that AVE's of specific rates having an incidence greater than 1000 per cent would be recorded as "999998".

With regard to the calculation of AVE's of specific rates, participants indicated that it was not possible to define one single method of calculation. It was stated that the basis of the calculation could differ according to the product sector, the type of contractual preferential arrangement, or the group of countries to which the specific duty applied. The Secretariat proposed that the choice of the basis of the calculation of AVE's be the responsibility of each country. The basis of the calculation will be identified using a code as follows:

- Code "1" will identify AVE's calculated on the basis of imports from GATT member countries.
- Code "2" will identify AVE's calculated on the basis of imports from MFN origins.
- Code "3" will identify AVE's calculated on the basis of total imports.
- Code "4" will identify AVE's calculated on any other bases which should be specified in the explanatory documentation accompanying the submission.

Participants mentioned that the comparison of the level of tariff protection among the IDB participants will only be possible if AVE's are calculated on the same basis for all participating countries.

The estimation code which is attached to the duty will identify duty rates estimated by the national authorities (code "E"), and duty rates estimated by the Secretariat (code "C"). The identification of average rates of tariff sub-items will be recorded using a separate code. Code "A" will identify an arithmetic average. Code "W" will identify a trade-weighted average.

Concerning the duty rate binding status, the Secretariat proposed in the formats that code "D" be used to identify a tariff line bound at different levels of duties. If statistics were provided in the detail of the customs tariff, this code "D" should not be used unless the submission contains sub-items identified by the tariff suffix.

Regarding the textual information on the duty rate submitted in record numbers 30-39, participants requested the Secretariat to provide the possibility of recording the text in the three official languages of the GATT. Participants also requested that the possibility be provided of recording, in the three languages, footnotes to the tariff file information. Concerning textual information in general, the Secretariat indicated that it would be desirable that all texts submitted in French and Spanish be recorded using upper case characters, since there is no standard code used to represent accented characters.

Subject to the approval of the Informal Advisory Group, the format of the coded tariff file will be adjusted to incorporate the changes proposed by the participants. A revised version of the formats contained in document IDB/W/1 will be distributed in due course.

(c) Textual Part of the Tariff File.

The tariff suffix which can be used in this file to identify tariff sub-items is the same as the tariff suffix used in the coded tariff file. The proposals made by participants concerning the tariff suffix in the coded tariff file apply to the textual tariff file as well.

Concerning product descriptions, some participants indicated that only full text descriptions would be provided, while other participants indicated that only abbreviated descriptions would be provided. Others indicated that they would provide both the full text and the abbreviated text of the descriptions. Regarding the formats, the Secretariat will provide the possibility of recording the descriptions in three languages; the legal description will be recorded with a maximum of 99 lines of texts instead of the proposed 999 lines; the abbreviated descriptions will have up to 4 lines of text instead of the proposed 3 lines.

The Secretariat indicated that the possibility of recording footnotes in three languages would be provided. Participants made other suggestions concerning the maintenance of footnotes. The Secretariat is analysing the effect of the changes proposed and will circulate a proposed solution to the problem in due course.

The formats proposed for the submission of the textual tariff file include elements which are reported in the loose-leaf schedules of concessions. One participant mentioned that the loose-leaf schedules contained references to duty-free rates applicable under the Civil Aircraft Agreement. Participants had a preliminary discussion on the possible ways to reflect the product coverage of the agreement. The Secretariat indicated that it was necessary to identify different types of loose-leaf schedules for countries having a schedule referring to MFN duties and a separate schedule referring to preferential duties. It would therefore be possible, for customs tariffs which do not comprise separate tariff lines identifying civil aircraft items, to submit a separate schedule for those items.

(d) Coded Part of the Quantitative Restrictions File.

The use of the non-tariff item suffix to identify tariff lines partially covered by a QR was accepted by the participants. If one part of a tariff line was covered by a QR, the corresponding tariff line number would be followed by the non-tariff suffix "01". If two or more parts of a tariff line were covered by QR's, non-tariff suffixes would respectively contain "01", "02", etc. If the non-tariff suffix of a tariff line number was blank, the QR would cover all products within the tariff line.

Concerning the period of validity of the QR, the participants came to the same conclusions as were reached for the period of validity of the duty rates.

The coding system proposed by the Secretariat for recording QR's on imports and QR's on exports was endorsed by the participants. One participant mentioned that some QR's were notified both by the importing country and the exporting country. In its view, the resulting duplication in the identification of the QR should be avoided in the future.

Several changes were proposed concerning the data recorded in record numbers 10, 20-29 and 30-39:

- It should be possible to indicate that a QR was notified in the framework of several GATT bodies.
- The code indicating that a measure does not cover all products within a tariff line should be removed, since tariff lines which are partially covered by a QR should be identified using the non-tariff item suffix.
- Some QR's affect a whole tariff line plus parts of several other tariff lines. As a result the QR would be recorded under several tariff lines but it should be considered as one measure. The Secretariat was requested to analyse possible solutions to this problem.
- The possibility of recording several GATT document codes in each of the record numbers 20-29 should be provided. In the first submission of the coded QR file, there should be no GATT documents recorded unless references are made to earlier

notifications. In subsequent submissions, each notification will be assigned a GATT document symbol, defined and recorded by the Secretariat.

- The participants accepted to use the normalized code proposed to record GATT articles, as reproduced in document IDB/W/3, pages 11-13. The possibility of recording several references to GATT articles in each of the record numbers 30-39 should be provided.

As in other files, the possibility of recording textual information in three languages (in record numbers 40-49) will be provided. In addition, it will be possible to record footnotes to the coded QR file information in three languages.

(e) Textual Part of the Quantitative Restrictions File.

This file contains product descriptions of parts of tariff lines covered by a QR. Therefore, the non-tariff item suffix should never be blank in this file and should correspond to the non-tariff suffix recorded in the coded QR file. The product descriptions in this file have the same format as those of the textual tariff file. All changes proposed by participants concerning descriptions in the textual tariff file also apply to this file.

(2) Details on the processing steps performed by the Secretariat.

The Secretariat gave an overview of the various analyses, controls and conversions which will be applied to the submissions before they are loaded into the IDB. These processes are briefly described earlier in this paper under the item "Overview of the Project Implementation". Specifications of the application systems' requirements had been prepared for most of the files, but will have to be revised to take into account changes proposed during the course of the seminar. Revised specifications can be made available to delegations. Examples of reports which will be produced during the various stages of processing, were distributed to participants in the seminar.

(3) Discussions of formats for data submission.

The Secretariat described the proposed formats for submissions contained in document IDB/W/1. Participants stated that they had no major difficulties in using the formats proposed by the Secretariat. To take into account the results of the discussions on each data element, the Secretariat gave a tentative description of the amendments which will be made to the proposed formats. Since some of the amendments may have a far-reaching impact on the structure of some of the files and on the application systems, definitive proposals are being analysed by the Secretariat and will be circulated to delegations in a revised version of document IDB/W/1 in due course.

First Discussion of Output Requirements.

The Secretariat indicated the types of analyses which were made on the basis of the Tariff Study information. These reports included customs tariff averages by CCCN headings and by industrial sectors, and tariff profiles by product categories and by principal suppliers. These analytical reports had been prepared under the guidance of a group of technical experts which defined the methodology to be used in the analysis of the Tariff Study information. This analysis was published in the Basic Documentation for the Tariff Study, in 1974 and in 1976.

The secretariat indicated that other computer programmes were created to report at the tariff line level, information concerning bilateral trade flows by type of tariff treatment. The tariff lines reported were selected using various criteria such as the rank of the supplier, its share in total imports into the market, the level of the customs duty rate or the definition of a threshold for the value of imports recorded under the tariff line. These reports were produced on the basis of the Tariff Study files and on the basis of the HS data base files. During the Tokyo Round, such reports were used to assess the effects on tariffs of the various tariff cutting formulae tabled by the contracting parties.

Regarding the tools which could be made available to users of the IDB to analyse the situation concerning trade measures maintained in the various markets, participants expressed the view

that the reports which might be prepared by the Secretariat should be simple and should not give rise to controversial interpretations.

Concerning the analysis of tariffs, participants considered that analyses should focus on certain products or certain groups of products without combining elements of information which might not always have the same reliability. The measurement of the effects of various tariff cutting formulae would be a type of useful analysis.

Concerning quantitative restrictions, participants emphasized the fact that the type of information which will be recorded in the IDB was not sufficiently detailed to allow any reliable analysis other than reports made at the tariff line level and separately for each type of QR's. It was stated for instance that associating QR's with import statistics was meaningless and that attempting to measure their incidence on trade would lead to complete aberrations.

Participants considered that the Secretariat should not, at this stage, pay too much attention to the analysis of the IDB information, but should concentrate its work on the setting up of the data base and on the dissemination of the information to the contracting parties. Participants stressed that all contracting parties should benefit, on an equal basis, from the information which would be available, especially those contracting parties which might not be equipped with the type of computer mainframe necessary to set up their own data base in the capitals.

The participants recommended that the Secretariat analyse in depth, the use which could be made of personal computers, with a view to provide contracting parties with simple tools for the retrieval and analysis of the IDB information. In this context, participants considered that the Secretariat should not exclude the possibility of purchasing existing data base management systems specifically adapted to the dissemination of the information on personal computers.

Other points.

On the question of the nomenclature to be used in the submissions to be prepared by delegations for the IDB, participants stated that all IDB information should be recorded using the HS nomenclature.

Some participants indicated that the HS nomenclature would not be implemented at the same date in all countries and that a period of several years might be necessary before some countries collect statistics in the HS nomenclature. Some participants expressed the view that information should be submitted without delays and that contracting parties which had not yet implemented the HS could provide data in the current nomenclature. During an interim period, this information could at least be included in the present Tariff Study data base.

In order to assess the current availability of trade statistics, the Secretariat circulated a questionnaire in which delegations were invited to indicate when the HS would be implemented in their countries, what was the latest year available for import statistics, which nomenclature was used in these statistics and how the import statistics nomenclature compared with the customs tariff detail.

The Secretariat received 26 replies (the reply from the European Communities covered the 12 member countries) :

- One contracting party had implemented the HS for tariff purposes since 28 February 1986 and since 1 April 1987 for statistical purposes.
- Thirteen contracting parties had implemented the HS since 1 January 1988. One contracting party will apply the HS on 1 July 1988 and eight others will apply it, in principle, on 1 January 1989. Three contracting parties were still unsure of the date of implementation of the HS.
- For those contracting parties which had not yet implemented the HS, import statistics were available for the fiscal year 1985/1986 for one contracting party and for the year 1987 for all others. One contracting party was using the SITC, two were using a national nomenclature and all others were using the CCCN. For all contracting parties, statistics were

either collected in the detail of the customs tariff or in a greater detail than the tariff (for four of them).

Conclusion of the Seminar.

The seminar was concluded on Friday 10 June 1988. In its closing remarks, the Secretariat expressed its gratitude that all questions raised in document IDB/Q/1 had been answered during the seminar, so that the solutions proposed could be put forward to the Informal Advisory Group on the IDB for their final approval. The Secretariat was conscious that the IDB exercise could only be successful if the information available was beneficial to all contracting parties. The seminar was a first occasion to develop a broad process of familiarization with the technical requirements to be addressed and to establish contacts between delegations and with the Secretariat which will need continuous guidance in its work, from all countries participating in the IDB.