

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## INTEGRATED DATA BASE

### LIST NO. 2 OF OUTSTANDING QUESTIONS

Note by the Secretariat

1. This is a second list of questions prepared by the Secretariat for the delegations concerning the preparation of the Integrated Data Base. Its purpose is to obtain guidance from delegations in settling details of the Integrated Data Base.
2. This list of questions concerns the problems encountered in processing the initial submissions to the IDB, received from delegations. Other questions relate to the organization of the data base, especially concerning the recording of tariff concessions during the Uruguay Round.

#### *I. General questions*

##### *IDB information for several years*

3. The possibility of storing information referring to several years has been envisaged in the Informal Advisory Group on the Integrated Data Base. Although this point is not a short term concern, it has an impact on the organization of the data base and on the update system which is being created in the Secretariat.
4. The coded tariff file and the coded QR file contain, in the record key, the period of validity to indicate, where relevant, the date at which the duty or the QR started (or will start) to be in force and the date at which it ceased (or will cease) to be in force. In a submission of data for a given reference year, these two files could therefore contain information referring to previous years or to future years. To simplify the processing of data, the Secretariat intends to store "historical" information (referring to previous or future years) in the IDB in separate files. The maintenance of these "historical" files gives rise to several questions when information is stored for several reference years.
5. Presumably, the first submission of the tariff and QR files for the IDB will not include information referring to previous years. However, it could include information referring to future years (e.g., tariff reductions offered during the Uruguay Round, which would be staged over a certain period of time). Assuming that the first three annual submissions would be stored in the IDB, the following examples illustrate two possible ways of submitting the information each year, with regard to "historical" data referring to "past" years or to "future" years.

EXAMPLE 1

REFERENCE YEAR 1988				REFERENCE YEAR 1989				REFERENCE YEAR 1990			
Item No.	Validity period	Duty rate		Item No.	Validity period	Duty rate		Item No.	Validity period	Duty rate	
010101	1988 01-12	10%		010101	1988 01-12	10%		010101	1988 01-12	10%	
010101	1989 01-12	9%		010101	1989 01-12	9%		010101	1989 01-12	9%	
010101	1990 01-12	8%		010101	1990 01-12	8%		010101	1990 01-12	8%	

EXAMPLE 2

REFERENCE YEAR 1988				REFERENCE YEAR 1989				REFERENCE YEAR 1990			
Item No.	Validity period	Duty rate		Item No.	Validity period	Duty rate		Item No.	Validity period	Duty rate	
010101	1988 01-12	10%		010101	1989 01-12	9%		010101	1990 01-12	8%	
010101	1989 01-12	9%		010101	1990 01-12	8%					
010101	1990 01-12	8%									

Note: "1988 01-12" means that the duty is in force from January to December 1988.

6. In the above examples, the duties shown are ad valorem duties. If the duties were specific duties, the Ad Valorem Equivalents (AVE's) would be different from one year to the other. In addition, it was assumed that there were no changes in the nomenclature from one year to the other (tariff lines regrouped or split). These aspects of the problem should be borne in mind in the choice of a final solution.

7. In example 1 above, the information for the first year submitted does not contain past duties but contains "future" duties in force in 1989 and 1990; the second year submitted contains all duties for item "010101", including the 1988 "past" duty; the third year submitted also contains all duties, including past duties for 1988 and 1989. In this example, all duties would have to be provided for each year, including past and future duties. The advantage of this solution would be that duties in force during previous years and in the future could be retrieved using one reference year.

8. In example 2 above, none of the three years data submitted contain past duties; the second year submitted does not contain the 1988 duty; the third year submitted does not contain the 1988 and 1989 duties. In this example, only duties in force during the reference year or in future years would be submitted each year. To retrieve the duty in force in 1988, when processing 1989 or 1990 data, it would therefore be necessary to access the 1988 data. The Secretariat would prefer this second solution which would have the advantage of reducing the size of the submissions and the number of ad valorem equivalents of specific rates to be calculated for each annual submission. This solution would also simplify the logic of application programs.

9. Concerning the "historical" file where "past" and "future" duties would be stored in separate files in the data base, it might not be necessary to create these historical files if submissions were made as in example 2 above. Presumably, most "future" duties would refer to staged concessions offered during trade negotiations and would have to be retrieved with the duties in force during the reference year. Delegations might wish to consider which of the two solutions would be preferable or if other solutions should be envisaged.

## II. Questions on the import statistics file

### *Trade aggregates physically recorded in the IDB*

10. The import statistics file will contain, for each item, trade aggregates which will be calculated in a computer program, before the file is loaded into the IDB. In addition to total imports from all origins and total imports from members of customs unions, the Secretariat intends to record trade aggregates by type of tariff relation as follows:

Aggregate code	Treatment code	Relation code	Aggregate definition
000	-	-	World
900	-	-	GATT contracting parties
901	-	-	Tariff averaging weighting pattern
910	-	-	Least developed countries
918	-	-	European Communities
990	-	0	M.F.N. origins
990	-	1	Free-trade area origins
990	-	2	Inter-zone preferential origins
990	-	3	Other preferential origins
990	-	4	GSP/M.F.N. origins
990	-	5	GSP/other preferential origins
990	-	6	GSP/general origins
990	-	8	General origins
990	-	9	Unspecified origin

11. It might be necessary to record additional trade aggregates in the file, depending on the on-line analytical requirements. For instance, it might be necessary to compile trade aggregates by type of tariff treatment or by selected combinations of the two codes, type of relation and type of tariff treatment. Delegations might wish to consider whether other trade aggregates should be envisaged. The number of trade aggregates physically recorded should however be limited to a minimum since it would significantly increase the volume of the file.

## III. Questions on the coded tariff file

### (1) Recording of concessions offered during the Uruguay Round

12. In order to measure the level of tariffs before and after the Uruguay Round, it will be necessary to record the duty which will serve as a basis for the negotiations and, where relevant, the concessions offered during the Uruguay Round. To keep a picture of the tariff situation before and after the negotiations, it would be preferable to record in the coded tariff file, the base duty and the duty offered as a separate type of duty. For example, the base duty could be recorded under duty type "09B" and the duty offered under duty type "09F". The "period of validity" could be used to record the date at which the base duty is in force and the date at which the duty offered comes into force. If the reduction between the base duty and the duty offered is made by stages over a number of years, the intermediary stages could be recorded under duty type "09" with an indication of the dates at which they come into force recorded in the "period of validity".

13. In some customs tariffs, GSP duties are defined in relation to the m.f.n. duties (e.g., GSP duties equal 50 percent of the m.f.n. duties). In such cases, the GSP duty related to the final stage of reduction of the m.f.n. duty could be recorded under "40F". Any other duty, defined in relation to the m.f.n. duty, which would have to be related to the final stage of the m.f.n. concession, could be recorded in the same manner under the corresponding duty type with the letter "F" in the third position of the duty type code.

(2) Duties applicable under the Agreement on Trade in Civil Aircraft

14. Products imported under the Agreement on Trade in Civil Aircraft are reported in some customs tariffs under separate tariff items. In other tariffs, these products are not separately identified. Since duty-free tariffs under the Agreement are bound, they should be recorded in the coded tariff file under duty type "01". Where civil aircraft products are not separately identified, the duty applies to part of the products of relevant tariff items. One solution could be to create sub-items using the tariff suffix in positions 24-25 of the tariff item number. Another solution could be to record the duty in the coded tariff file under the type of duty "04".

(3) Partner codes recorded for preferential duties

15. The format of the coded tariff file contains a field for recording the code of the partner to which the duty applies. For m.f.n. duties, the partner code should be blank since the duties apply to all m.f.n. countries (tariff relation code "0"). For preferential duties, the partner code should contain the code of the country or of the group of countries to which the duty applies. For example, the partner code "GSP" could be recorded with the duty type "40" (GSP duty). It is not necessary to record the GSP duty for each of the GSP beneficiaries individually. If partner code "GSP" is recorded, the duty type "40" will be taken as applying to all countries which, in the import file, have a relation code equal to "4" or "5", associated to a treatment code equal to "4" or "5". The GSP duty will not apply to countries having a relation code "4" or "5", associated with a treatment code "0" (m.f.n. treatment). This example can be applied to any preferential duty.

(4) Binding code of preferential duties

16. As decided in the format for record type "1", a blank binding code means that the duty is bound. Some delegations considered that leaving the binding code blank for preferential duties was misleading and could be taken as meaning that preferential duties are bound. In order to avoid any confusion, the binding code could be changed from blank to "B" for bound duties. Thus, a blank binding would mean that the binding code is not applicable. Unless countries have special requirements, the binding code of preferential duties would be left blank. At present, the conversion programs change informed bindings to blank for preferential duties.

17. To be consistent, the code used to indicate that a duty is ad valorem (the nature code) could be changed from blank to "A".

18. These changes would not affect the submissions which have already been coded, since the conversion programs prepared by the Secretariat contain a feature to change binding codes and nature codes where necessary.

(5) Ad Valorem Equivalent (AVE) calculated on different bases

19. As decided in the format for record type "1", AVE's of specific duties can be calculated on different bases. The basis for the calculation is indicated in the code "AVE calculation method". As agreed in the Informal Advisory Group, each country will calculate the AVE's of specific and other duties, using its own method. The fact that countries will use different

methods will cause a distortion in the inter-country comparison of the level of specific duties. Although the subject needs to be discussed in the context of the analysis of IDB data, the Secretariat proposes to append one additional field to record type "1", in order to record AVE's calculated on a common basis (to be agreed upon). The format of record type "1" of the coded tariff file, as shown in document IDB/W/4, would be changed to read as follows:

Coded tariff file record format

Partner code	Duty type	Rec. type	Lang code	Seq. no.	Element name and definition	Format
ppppp	XXX	1	b	b	Record type '1' for codes: XXX indicates the duty type code (see below for the list of codes)	
					- Ad valorem rate or AVE	N(3V3)RJ/0
					- Nature of the duty	A(1)
					- Estimation code	A(1)
					- AVE calculation method	A(1)
					- Sub-items' duties averaging method	A(1)
					- Binding status	A(1)
					- Partial binding coverage	A(1)
					- Limitation status	A(1)
					- Partial duty coverage	A(1)
					- AVE calculated using the common method	N(3V3)RJ/0

(6) Use of the code "preference coverage"

20. The code "preference coverage" was proposed in the format of the coded tariff file to indicate that a preferential duty was not applicable to all products within a tariff item. Delegations indicated to the Secretariat that the code would be used, in some cases, for m.f.n. duties. It is therefore proposed that the name of the field be changed to "partial duty coverage".

**IV. Questions concerning the textual tariff file**

(1) Use of the element "structuring key"

21. The element "structuring key" was included in the textual tariff file to keep the format of the file consistent with the format adopted for the submission of the loose-leaf schedules for the HS Common Data Base. Since the HS nomenclature is structured up to the six-digit level, it would seem that, for most national customs tariffs, the structuring key would not be necessary. Explanations on the use of the structuring key are given in document TAR/W/47.

Delegations might wish to consider whether the "structuring key" should be kept in the textual tariff file or whether the possibility of using it could be excluded.

(2) Codes to be used to record Initial Negotiating Rights (INR)

22. In the loose-leaf schedules of concessions, INR's are reported using the two-letter ISO country abbreviation. For that reason, the codes proposed to record INR's in the textual tariff file were also the two-letter country abbreviations. To simplify the identification of countries in the various files of the IDB, it is proposed that countries holding an INR be recorded in the textual tariff file, using the three-digit ISO code, as in the other files. This change will not affect the submissions already coded, since the conversion program prepared by the Secretariat contains a feature to convert INR codes.

(3) Text of product descriptions

23. With regard to product descriptions, delegations will record full "legal" product descriptions or abbreviated product descriptions or both types of descriptions. Usually, within each heading or sub-heading, the "legal" text of the last description is "other". Some delegations consider that it is not possible to identify precisely the product coverage of each tariff item in an abbreviated description. On the other hand, if one item is extracted from the file with a description "other", the products covered cannot be identified at all. The only foreseen solution to the problem would be to extract all product descriptions of previous items, up to the preceding four-digit heading, and to report all previous product descriptions with the item description. Delegations might wish to consider whether this solution would be satisfactory, despite the increased number of lines of text which might be reported for each item, or whether other solutions could be envisaged.

*V. Questions concerning the quantitative restrictions' file*

*Coding of GATT documents and GATT articles*

24. Document codes to be recorded in the coded QR file are assigned by the Secretariat and are therefore not known in advance by the country preparing the submission. Document IDB/W/4/Add.1 contains a list of all document symbols which are presently recorded in the GATT QR files and the corresponding document number which will be recorded in the IDB QR files. If countries need to refer to GATT documents which are not in the list, they could record their own codes. Provided that a list of the codes created, along with the corresponding GATT document symbols is communicated with the submission, the Secretariat would convert the national document codes to the GATT document numbers during the conversion of the file.

25. With regard to the recording of GATT Articles or other justifications for maintaining a QR, countries could also create their own codes if the list reproduced in document IDB/W/4/Add.1 is not complete. The national codes would be converted to the standard GATT Article numbers during the conversion of the file.