



International Chamber of Commerce

*The world business organization*

## Policy statement

### ICC recommendations on upholding the WTO Information Technology Agreement (ITA)

*Prepared by the Commission on Trade and Investment Policy*

#### Introduction

The Information Technology Agreement (ITA) is a World Trade Organization (WTO) agreement, which entered into force in 1997. In becoming a party to the Agreement, a country commits to bind and eliminate customs duties on covered goods (e.g., personal computers, computer monitors, computer printers, semiconductors, telecommunications apparatus). To date, 70 countries have joined the ITA, representing more than 97 per cent of global trade in the high-tech sector.

#### Benefits of the ITA

Benefits of this landmark agreement include:

- stimulating deployment of technology products leading to greater innovation, productivity, trade, investment, and economic growth;
- fostering global exports of ITA products: over the past 10 years global exports of ITA products have more than doubled, reaching 1.45 trillion US dollars in 2005;
- affording developed and developing economies the opportunity to play an integral role in the global supply chain by removing tariffs on a wide array of information technology (IT) / information and communications technology (ICT) products; and
- providing increased consumer access to and choice of IT products; thereby enhancing IT/ICT penetration rates (e.g., number of computers, fax machines, cellular telephones per capita).

Over the course of the past decade, more sophisticated and/or technologically advanced versions of ITA products have entered the market. While these goods may be more sophisticated and may even include additional features or secondary functions, their essential characteristics remain the same. As such these are not “new” or additional ITA products; they should be afforded the bound duty-free treatment provided by Agreement. For ICC, it is fundamental that the goals and the objectives of the ITA be fully realized.

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## **Upholding the ITA**

In recent years, business has noted that some ITA members are heading down a path aimed at unravelling the Agreement. The members in question are taking a limited or narrow approach to the ITA and have taken to pushing advanced or technologically sophisticated versions of ITA products outside the scope of the Agreement; thereby subjecting these goods to excessive duties. Set-top boxes, multi-function printers, and flat panel computer monitors are examples of technologically advanced versions of ITA products that are not being provided the bound duty-free treatment mandated by the Agreement. This approach:

- undermines the letter and spirit of the Information Technology Agreement and respective country commitments;
- erects barriers to trade in high-tech products that every sector of the economy depends on;
- threatens to slow IT/ICT product uptake, at the expense of innovation, businesses, and consumers;
- improperly seeks to redirect foreign investment from one country to another;
- penalizes companies and consumers for the addition of secondary features and functionalities to existing products; and
- threatens to diminish economic growth and overall development.

Discussions have been held at the WTO Committee of Participants on Expansion of Trade in Information Technology Products, commonly referred to as the ITA Committee, to seek to ensure that ITA products continue to be subject to bound, duty-free treatment. Many members, including Canada, Chinese Taipei, India, Japan and the United States have raised concerns about efforts to deny bound, duty-free treatment to ITA products with additional functionalities.

To date, efforts to engage at the multilateral level (within the ITA Committee) as well as at the bilateral level have failed in addressing this issue. Continued violation of the letter and spirit of the ITA, if left unchecked, place the entire Agreement in jeopardy.

The ITA provides that “Each party’s trade regime should evolve in a manner that enhances market access opportunities for information technology products.” ICC stresses that the letter and spirit of the ITA must be maintained and calls upon all participants to honour the Agreement.

## **ICC recommendations**

The ITA is an important example of a successful international trade agreement – it has expanded access to the IT products that power the global economy, lowered prices for businesses and consumers, and facilitated worldwide innovation and digitalization. Its undermining is of concern both to global IT/ICT companies that are ICC members, but also to the broader business community represented by ICC that benefits from free trade in these products. Therefore, ICC opposes any efforts to unravel, whether in spirit or letter, the ITA and undermine the benefits it has produced.

In light of the above, ICC makes the following recommendations:

- to support continued efforts at the bilateral and multilateral level to address the restrictive approach of some members and ensure that ITA products continue to enjoy bound, duty-free treatment;
- to ensure that all current and future ITA participants respect and are held accountable for their commitments to “bind and eliminate” customs duties on goods covered by the Agreement;
- to encourage ITA participants to pursue all avenues to maintain the effectiveness of the ITA in the long-term and, to the greatest extent possible, support ITA participants’ efforts in this regard; and
- to ensure that the letter and spirit of the ITA is maintained and that its benefits are applied to all products covered by the Agreement.

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## **About ICC**

ICC is the world business organization, a representative body that speaks with authority on behalf of enterprises from all sectors in every part of the world. ICC promotes an open international trade and investment system and the market economy, and helps business corporations meet the challenges and opportunities of globalization. Business leaders and experts drawn from ICC’s global membership establish the business stance on broad issues of trade and investment policy as well as on vital technical subjects. ICC was founded in 1919 and today it groups thousands of member companies and associations in 130 countries.