



**Asia-Pacific  
Economic Cooperation**

---

2012/CTI2/MAG/DIA/002

**Compilation of APEC and Industry Statements of  
Support for Expansion of the Information  
Technology Agreement**

Submitted by: United States



**Information Technology Agreement  
Dialogue  
Singapore  
29 March 2012**

**Excerpt on ITA from ABAC Report to APEC Economic Leaders  
Honolulu, Hawaii – November 2011**

**(f) Adopting smart innovation policies to drive economic growth**

Economies seek to leverage innovation to increase domestic productivity as well as move their economy up the value chain from producing low-value added products and services to producing high-value added products and services. Further, economies can apply the results of new innovations to address social challenges such as climate change, health and food security. Given these benefits of innovation, an increasing number of economies are making “innovation” central to their economic growth strategies. Carrying out these strategies involves the implementation of policies related to education, taxation, information and communication technologies, intellectual property rights (IPRs), investment, government procurement and trade.

The implementation of innovation policy can have a significant impact on trade policy, particularly in the context of creating a seamless commercial environment. Some of the areas affected by innovation policy, including investment, government procurement and technical barriers to trade (TBTs) have been the subject of more recent trade discussions; however, the majority of trade discussions have not considered the concept of “innovation” from a holistic perspective. In future trade discussions, APEC economies should consider the impact of innovation policy on trade policy to ensure that measures designed to spur innovation in an economy do not act as a barrier to efforts to promote regional economic integration.

***Recommendations:***

- Encourage the implementation of the APEC technology choice principles to allow market forces to determine the availability, commercialization, deployment, and use of technologies. This ensures that businesses, government agencies, and citizens have the broadest access to different types of technologies and services.
- Promote the adoption of existing international standards where they exist and collaborate on the development of new common standards for emerging technologies. Economies should implement technical standards and regulatory policies that allow governments to meet their regulatory objectives, while minimizing the impact on trade. This helps spur innovation and competition among businesses and ensures that the benefits of ICT reach global consumers in the most efficient way.
- Encourage foreign direct investment to promote the development and introduction of new technologies and business models, and create a competitive economic environment that spurs innovation. This provides a foundation for the growth of higher wage jobs, advanced skills, productivity, and broader choices and better prices for goods and services.
- Establish comprehensive and balanced intellectual property systems to encourage creation and innovation, and provide the tools for successful management and exploitation of IPR.
- Strengthen on-border policing and penalties for counterfeit and piracy, strengthen enforcement on the Internet, promote public awareness campaigns on intellectual property rights, and develop information sharing systems among private and public sectors. Promote participation in the Anti-Counterfeiting Trade Agreement.
- Implement policies that promote the global trend toward voluntary, collaborative innovation, including open and flexible immigration policies, for example, government incentive programs (grants, tax credits, etc.) that do not discriminate on the basis of employee citizenship or location of participating employees.

- Support the expansion of the range of tariff free WTO Information Technology Agreement (ITA) products. Since the adoption of the ITA, the IT industry has made rapid technological progress and many products have been converged but the range of tariff free items has not been reviewed. Further, digital and electronically delivered products such as software or creative content should receive treatment no less favorable than their physical equivalents. This initiative will increase access to products that improve productivity, facilitate innovation and promote economic growth.
- Leverage the convening power of APEC to maintain a regular venue for discussion of the impact of innovation policy on trade policy and to share experiences and best practices.

From ABAC Report to Economic Leaders Honolulu, Hawaii, USA 2011 – pages 29-30

## Attachment

### Progress Report to APEC Ministers Responsible for Trade – Other Initiatives

- 5. Innovative Growth.** ABAC urges APEC economies to establish new areas of growth by creating an environment that enables innovation to flourish, including through market-driven and non-discriminatory innovation policy that fosters trade and economic growth. This can be achieved by promoting and rewarding innovation through the establishment of balanced intellectual property systems, strengthening intellectual property rights cooperation (i.e., patent cooperation), establishing market-driven processes for choosing technologies, and facilitating and enabling cross-border collaboration. ABAC also supports the expansion of the Information Technology Agreement (ITA) which will broaden the scope of information and communication technology products that are traded without tariffs. This initiative will increase access to products that improve productivity, facilitate innovation and promote economic growth.

From ABAC Report to Economic Leaders Honolulu, Hawaii, USA 2011 – pages 57-58



## Members of the World Electronics Forum Call for Swift, Tariff-Eliminating Expansion of the Information Technology Agreement

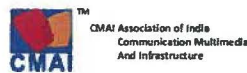
Members of the global high-tech industry held an Interim Meeting of the World Electronics Forum (WEF) at the 2012 International CES (CES) and called for immediate action to support tariff cutting expansion of product coverage for the Information technology Agreement (ITA). The ITA is one of the most commercially significant and successful trade agreements of the World Trade Organization (WTO).



Following the APEC Leaders Declaration in which Ministers agreed to playing a leadership role in launching negotiations to expand the product coverage and membership of the WTO Information Technology Agreement, high-tech industry leaders from around the world committed to working with their governments and industry to launch negotiations on an expanded, tariff-elimination ITA. From 1996 to 2008, total ITA product trade increased more than 10 percent annually, from \$1.2 trillion to \$4.0 trillion. The ITA has helped to drive innovation, lower consumer prices and further integrate the global industry. Initial analysis predicts that expanded coverage of the ITA could completely remove tariffs on at least an additional \$800 billion in information and communications technology (ICT) trade globally.



ITA expansion would yield immediate and substantial benefits, removing tariffs on a vast array of tech products not currently covered by the agreement. We are deeply committed to working with our governments and the global ICT industry to move quickly to advance this important negotiation which will expand trade, foster innovation and increase jobs around the world.



Communication Multimedia and Infrastructure Association of India (CMAI), Communications and Information Network Association of Japan (CIAJ), Consumer Electronics and Technologies Industry Association (CEITA), Consumer Electronics Association (CEA), Electro-Federation Canada Hong Kong Electronic Industries Association (HKEIA), Japan Electronics & Information Technology Industries Association (JEITA), Korean Electronics Association (KEA), Semiconductor and Electronics Industries in the Philippines, Inc. (SEIPI), Shenzhen Electronics Industries Association, Taiwan Electrical and Electronic Manufacturers' Association (TEEMA). Retailer support: CompuMe (Egypt)



International Chamber of Commerce  
*The world business organization*

**Policy  
statement**



Prepared by the ICC Commission on  
**Trade and Investment Policy**

---

## ICC supports expansion of product coverage under the WTO Information Technology Agreement

### Highlights

- Technological advances do not cause IT products to become “new” products outside of the scope of the ITA.
- Recommends that all information and communication technology products enjoy duty-free treatment according to the broadest possible definition.
- Urges ITA signatories to accelerate talks on the expansion of the ITA's product coverage.

## **Introduction**

The adoption of the Information Technology Agreement (ITA) by the World Trade Organization (WTO) in December 1996 was a major milestone in liberalizing trade in this vital sector for the global economy. The ITA's objective was to realize an expansion of the world trade in information technology products by eliminating customs duties on these products by January 2000. The ITA currently has 47 signatories, representing 73 states and regions, and covers approximately 97% (according to the WTO) of world trade in information technology products.

It is undisputed the ITA has significantly contributed to:

1. developing world trade in information technology products;
2. promoting productivity, economic growth, investment, technological innovation, and convergence of the information technology industry;
3. increasing employment and improving education; and
4. providing higher living standards for citizens on a global scale.

## **The ITA: Current state of play**

Since the ITA came into force almost 15 years ago, numerous information technology products incorporating increasingly sophisticated technologies have entered the world market. This convergence has resulted in disputes regarding the classification of certain information technology products and whether they are covered by the ITA. Set-top boxes (STBs), multifunctional machines (MFMs), and flat panel displays (FDPs) are perfect examples of products subject to recent disputes. The outcome of such disputes demonstrates that the ITA remains both flexible and resilient. At the same time, the difficulties concerning the classification of IT products can be partly attributed to the absence of any substantive review. Moreover, the product scope of the agreement has not been expanded since the ITA entered into force in 1997. Although a number of key ITA members have on several occasions taken positive and constructive initiatives in the WTO Committee of Participants on Expansion on Information Technology Products (ITA Committee) to start such discussions, no significant progress has been made.

## **ICC recommendations**

ICC recommends that all information and communication technology products enjoy duty-free treatment according to the broadest possible definition that may include, but not be limited to, the OECD definition, which states:

ICT goods are those that are either intended to fulfill the function of information processing and communication by electronic means, including transmission and display, or which use electronic processing to detect, measure and/or record physical phenomena, or to control a physical process.

The primary characteristics of the products originally covered by the ITA remain unchanged, even if equipped with more sophisticated and technologically advanced additional features. ICC supports the view that technological advances do not cause IT products to become "new" products outside of the scope of the ITA.

Recognizing the success of the agreement and the many benefits it has yielded, ICC urges ITA signatories to accelerate talks on the expansion of the ITA's product coverage. Given the key role the IT sector plays in driving global growth and the reality of our economic uncertainty, such talks should start immediately. Expansion of the ITA will play a very important role in stimulating the world economy. ICC also recognizes the unique characteristics of ITA as a stand-alone WTO agreement, enabled by the strong support from the global IT/ICT industry. These characteristics should be safeguarded in any expansion negotiation of the ITA.

Finally, ICC stresses the benefits to societies in signatory members, independent of their development status, and therefore encourages more governments of non-signatory countries to seriously consider membership of ITA. Significant non-signatory exporters should also consider membership. However, ICC underlines the substantial benefits of ITA membership for countries being primarily importers of ITA products.

# The International Chamber of Commerce (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.

The fundamental mission of ICC is to promote trade and investment across frontiers and help business corporations meet the challenges and opportunities of globalization. Its conviction that trade is a powerful force for peace and prosperity dates from the organization's origins early in the last century. The small group of far-sighted business leaders who founded ICC called themselves "the merchants of peace".

ICC has three main activities: rules-setting, dispute resolution and policy. Because its member companies and associations are themselves engaged in international business, ICC has unrivalled authority in making rules that govern the conduct of business across borders. Although these rules are voluntary, they are observed in countless thousands of transactions every day and have become part of the fabric of international trade.

ICC also provides essential services, foremost among them the ICC International Court of Arbitration, the world's leading arbitral institution. Another service is the World Chambers Federation, ICC's worldwide network of chambers of commerce, fostering interaction and exchange of chamber best practice.

Business leaders and experts drawn from the ICC membership establish the business stance on broad issues of trade and investment policy as well as on vital technical and sectoral subjects. These include financial services, information technologies, telecommunications, marketing ethics, the environment, transportation, competition law and intellectual property, among others.

ICC enjoys a close working relationship with the United Nations and other intergovernmental organizations, including the World Trade Organization, the G20 and the G8.

ICC was founded in 1919. Today it groups hundreds of thousands of member companies and associations from over 120 countries. National committees work with their members to address the concerns of business in their countries and convey to their governments the business views formulated by ICC.



International Chamber of Commerce

*The world business organization*

**Policy and Business Practices**

38 Cours Albert 1er, 75008 Paris, France

Tel +33 (0)1 49 53 28 28 Fax +33 (0)1 49 53 28 59

E-mail [icc@iccwbo.org](mailto:icc@iccwbo.org) Website [www.iccwbo.org](http://www.iccwbo.org)



The Computer Society of Kenya



ELECTRO-FEDERATION CANADA

## Global High-Tech Industry Calls for Ambitious Expansion of Information Technology Agreement



— Updated: May 16, 2011 —



High-tech industry associations from around the world strongly support advancing an ambitious new tariff-reduction initiative to significantly expand product coverage of the Information Technology Agreement (ITA), which is one of the most meaningful and successful trade agreements in the World Trade Organization (WTO).



From 1996 to 2008, total ITA product trade has increased more than 10 percent annually, from \$1.2 trillion to \$4.0 trillion. In the process, the ITA has helped drive innovation, accelerate productivity, increase employment, lower consumer prices, and bridge communities across the globe in ways unimagined 15 years ago.



Yet while the high-tech sector has exploded with new and improved products since the ITA came into force, the product scope of the agreement has never been expanded. The time has come to take the next big step in promoting trade in high-tech products.



ITA expansion would yield immediate and substantial benefits, removing tariffs on a vast array of tech products not currently covered by the agreement. In addition, it would go far towards eliminating uncertainty that arises as convergence in the tech industry continues to advance. With







dramatic innovations underway that often bring many technology functions into one product, questions of convergence will only multiply.



We are deeply committed to working with our governments to move quickly to advance this initiative, which will expand trade, stimulate growth, increase jobs, spur innovation, and promote prosperity around the world.



# # #



The Association of Thai ICT Industry (ATCI, Thailand) - Camara de Industrias de Costa Rica (CICR, Costa Rica) - Camera & Imaging Products Association (CIPA, Japan) - Communications and Information Network Association of Japan (CIAJ, Japan) - Computer Society of Kenya (Kenya) - Computing Technology Industry Association (CompTIA, USA) - Consumer Electronics Association (CEA, USA) - Costa Rican-American Chamber of Commerce (AmCham, Costa Rica) - Electro-Federation Canada (Canada) - European-American Business Council (EABC, USA) - Federación Colombiana de la Industria de Software y Tecnologías Informáticas Relacionadas (FEDESOFTEC, Colombia) - The Federation of Korean Information Industries (FKII, Korea) - Guatemalan Software Commission (SOFEX, Guatemala) - The Hong Kong Electronic Industries Association (HKEIA, Hong Kong) - Hong Kong Information Technology Federation (HKITF, Hong Kong) - ICT Associations of Jordan (int@j, Jordan) - ICT Chamber of Commerce – MASIT (MASIT, Macedonia) - IKT-Norge (Norway) - Information Technology Association of Canada (ITAC, Canada) - Information Technology Association of Nigeria (ITAN, Nigeria) - Information Technology Industry Council (ITI, USA) - Intellect (United Kingdom) - IT Association of the Philippines (ITAP, Philippines) - Japan Business Machine and Information System Industries Association (JBMIA, Japan) - Japan Electronics and Information Technology Industries Association (JEITA, Japan) - Japan Information Technology Services Industry Association (JISA, Japan) - American Malaysian Chamber of Commerce (AmCham Malaysia, Malaysia) - National Association of Manufacturers (NAM, USA) - National Electrical Manufacturers Association (NEMA, USA) - National ICT Association of Malaysia (PIKOM, Malaysia) - Semiconductor Equipment & Materials International (SEMI, USA) - Semiconductor Industry Association (SIA, USA) - Software & Information Industry Association (SIIA, USA) - Taipei Computer Association (TCA, Taiwan) - Taiwan Electrical and Electronic Manufacturers' Association (TEEMA, Taiwan) - TechAmerica (USA) - Technology CEO Council (TCC, USA) - Telecommunications Industry Association (TIA, USA) - United States Council for International Business (USCIB, USA) - United States Information Technology Office (USITO, USA) - World Information Technology and Services Alliance (WITSA, USA)

For further information, contact: John Neuffer ([jneuffer@itic.org](mailto:jneuffer@itic.org))