



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.



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Policy and Business Practices

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