

FACT SHEET: Supporting Economic Growth at Home and Abroad by Eliminating Trade Barriers on Information Technology Products

At the APEC leaders meeting today, President Obama announced that the United States and the People's Republic of China had reached an understanding on a bilateral agreement on expanding the scope of goods covered by the Information Technology Agreement (ITA). This agreement paves the way for the resumption and swift conclusion of the first major tariff-cutting deal at the World Trade Organization (WTO) in 17 years, and promises a major boost to U.S. technology exports and the jobs that support them.

In remarks at the APEC plenary session today, President Obama praised the agreement as an important step in completing the final ITA agreement: "It was APEC's work that led to the Information Technology Agreement, which we are now negotiating to expand. So, it is fitting that we are here with our APEC colleagues to share the news that the United States and China have reached an understanding that we hope will contribute to a rapid conclusion of the broader negotiations in Geneva."

A successful ITA expansion would allow substantial expansion of "Made in America" ITA exports to growing markets without the imposition of burdensome tariffs, and support tens of thousands of well-paying U.S. manufacturing and technology jobs.

The breakthrough came at APEC where Leaders and Ministers have repeatedly called for the "swift conclusion" of an ITA expansion agreement that is commercially significant, balanced, "and reflective of the dynamic technological developments in the information technology sector." Since their launch in 2012, negotiations to expand the ITA's product scope have grown to include 54 participants, which account for roughly 90 percent of global trade in products under negotiation.

Eliminating Barriers to High-Tech Trade

- Since the ITA went into force in 1997, global trade covered by the ITA has more than tripled, rising to more than \$4 trillion in annual trade. Despite extensive advances in technology, however, the product scope of the agreement has never been expanded.
- More than 200 tariff lines will be reduced to zero under an expanded ITA.
- Medical equipment, GPS devices, video game consoles, computer software and next generation semiconductors are among the high-tech products that will see tariff elimination.

Economic Boon at Home and Across the Globe

Industry estimates have concluded that a successful expansion of the ITA agreement would:

- Support up to 60,000 additional U.S. jobs.
- Eliminate tariffs on roughly \$1 trillion in annual global sales of information and communications technology products of which more than \$100 billion now come from the United States.
- Increase annual global GDP by an estimated \$190 billion.
- Boost productivity and growth across the global economy, particularly in developing countries.

Background

- An ITA agreement will unlock global economic opportunity at home and abroad. Industry estimates have concluded that a successful expansion of the ITA agreement would eliminate tariffs on roughly \$1 trillion in annual global sales of information and communications technology (ICT) products and increase annual global GDP by an estimated \$190 billion. Because the U.S. is a global leader in high-tech manufacturing and production, industry also estimates that an expanded ITA will support up to 60,000 additional U.S. jobs. In addition, an agreement will lower costs for downstream manufacturing and services industries that rely on ICT parts and components as inputs, increasing their competitiveness.

- The U.S.-China breakthrough is key to completing the ITA expansion. ITA expansion talks have been stalemated since disagreements among the parties resulted in suspension of negotiations in November 2013. Since that time, China and the United States have been working to narrow their differences, but without a breakthrough sufficient to resume talks among all WTO members involved. A U.S.-China understanding has been widely viewed as a critical step toward completion of the agreement, with full talks now targeted for December in Geneva.
- The U.S.-China breakthrough is the culmination of efforts coordinated across the Administration. The President has directly made ITA expansion a top economic priority since meeting with President Xi Jinping in Sunnylands in June 2013 and has regularly reiterated the importance of a mutually beneficial agreement. The Office of the United States Trade Representative led efforts across the Administration on negotiating an agreement with assistance from the Departments of the Treasury and Commerce as well as the White House. Negotiations have taken place in Beijing and Geneva as well as at important U.S.-China economic fora including at the JCCT, the S&ED, in addition to numerous discussions on the margins of APEC meetings.
- Expanding ITA supports U.S. manufacturing and technology industries. Many of the products that would see tariff elimination under an expanded ITA are in key U.S. industries that support good jobs, including in the manufacturing and technology sectors. A sample of some of the impacted products and the size of the tariff reduction they would benefit from, include:
 - Next generation semiconductors – Tariffs up to 25 percent reduced to zero.
 - Magnetic Resonance Imaging (MRI) machines -- Tariffs up to 8 percent reduced to zero.
 - Computed Tomography (CT) scanners – Tariffs up to 8 percent reduced to zero.
 - Global Positioning System (GPS) devices - Tariffs up to 8 percent reduced to zero.
 - Printed matter/cards to download software and games – Tariffs up to 10 percent reduced to zero.
 - Printer ink cartridges – Tariffs up to 25 percent reduced to zero.
 - Static converters and inductors – Tariffs up to 10 percent reduced to zero.
 - Loudspeakers – Tariffs up to 30 percent reduced to zero.
 - Software media, such as solid state drives - Tariffs up to 30 percent reduced to zero.
 - Video game consoles – Tariffs up to 30 percent reduced to zero.
 - An expanded ITA would also eliminate import duties on a range of additional technology products including high-tech medical devices, video cameras, and an array of high-tech ICT testing instruments.