

WTO: 2015 NEWS ITEMS

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INFORMATION TECHNOLOGY AGREEMENT

WTO members reach landmark \$1.3 trillion IT trade deal

WTO members representing major exporters of information technology products agreed today (24 July) to eliminate tariffs on more than 200 such products.

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In a meeting this afternoon at the WTO headquarters in Geneva, a tentative accord reached by 54 WTO members on 18 July was confirmed as the basis for implementation work to begin. Ministers from the participating members will now work to conclude their implementation plans in time for the WTO's 10th Ministerial Conference which will be held in Nairobi this December.

“Today's agreement is a landmark,” said WTO Director-General Roberto Azevêdo. “Annual trade in these 201 products is valued at over \$1.3 trillion per year, and accounts for approximately 7% of total global trade today. This is larger than global trade in automotive products — or trade in textiles, clothing, iron and steel combined.

“Eliminating tariffs on trade of this magnitude will have a huge impact. It will support lower prices — including in many other sectors that use IT products as inputs — it will create jobs and it will help to boost GDP growth around the world.

“This is the first major tariff-cutting deal at the WTO in 18 years. Coming so soon on the heels of the historic Bali Package which members agreed in 2013, it shows that the multilateral trading system can deliver. The WTO has now negotiated two deals in the space of two years which deliver real, economically significant results. I hope that this success will inspire

members in other areas of our negotiations.”

The Director-General added that no other negotiating forum could include so many countries. He pointed out, as well, that all 161 WTO members will benefit from this WTO agreement, as they will all enjoy duty-free market access in the markets of those members who are eliminating tariffs on these products. The terms of the agreement will be formally circulated to the full membership at a meeting of the WTO General Council on 28 July.

Among the products covered in this agreement are new-generation semi-conductors, GPS navigation systems, medical products which include magnetic resonance imaging machines, machine tools for manufacturing printed circuits, telecommunications satellites and touch screens.

Under the terms of the agreement, the majority of tariffs will be eliminated on these products within three years, with reductions beginning in 2016. By the end of October 2015, each of the participating members will submit to the other participants a draft schedule which spells out how the terms of the agreement would be met. Participants will spend the coming months preparing and verifying these schedules. The objective is to conclude this technical work in time for the Nairobi Ministerial Conference in December.

The agreement also contains a commitment to work to tackle non-tariff barriers in the IT sector, and to keep the list of products covered under review to determine whether further expansion may be needed to reflect future technological developments.

The agreement this month is an expansion of the 1996 Information Technology Agreement which involves 81 members. In 2012,

members recognized that technological innovation had advanced to such an extent that many new categories of IT products were not covered by the existing agreement. Negotiations began in 2012 to expand the coverage of the accord.