

September 9, 2005

**THE WORLD TRADE ORGANISATION
DOHA DEVELOPMENT AGENDA**

**EICTA Position on the Principles of the Market Access Negotiations
for digital technology (including information and communications
technology and consumer electronics products)**

Introduction

EICTA¹ believes in free, balanced, open and fair trade. EICTA therefore believes in zero tariffs and zero non-tariff barriers, world-wide, in a multilateral, rules-based trading system affording maximum access to markets with the minimum of barriers. EICTA members declare their strong support for the Doha Development Agenda negotiations in the World Trade Organization as the best way to expand global trade liberalization in goods, services, and investment.

KEY OBJECTIVE: IMPROVED MARKET ACCESS

EICTA's objective is to achieve a balanced, fair and open trading environment, the successful achievement of which will be in the best interests of consumers and industry alike.

While the majority of digital technology (ICT&CE) products made by EICTA members enjoy zero-tariffs as a consequence of the Information Technology Agreement (ITA), regulatory and other non-tariff barriers are becoming one of the main obstacles to the free flow of our products and are therefore an essential element of any proposals to improve market access for our products. There are also many countries that are not members of the ITA and that still impose substantial tariff barriers. Another challenge experienced by our industry is the convergence of ICT and CE technologies, which can result, and increasingly does, in the classification of new innovative products into dutiable HS headings.

¹ EICTA - European Information, Communications and Consumer Electronics Technology Industry Association – combines 53 major multinational companies as direct members and 34 national associations from 25 European countries. EICTA altogether represents more than 10,000 companies all over Europe with more than 2 million employees and over EUR 1,000 billion in revenues

Tariffs remain on CE products both in the EU as well as in important export markets for example the BRIC countries (Brazil, Russia, India and China). The reduction or even elimination of such duties can be considered if balanced by similar reduction in other important markets or with elimination of specific non-tariff barriers.

EICTA supports the comprehensive nature of the mandate agreed in Doha for non-agricultural market access negotiations. Simultaneous elimination of tariff and non-tariff barriers for the electronics sector are key priorities and should be pursued in an integrated approach to improving market access for our products around the world.

EICTA urges WTO Members to agree to sectoral negotiation on electronics in the NAMA talks and undertake serious discussions on the role of digital technology products and the benefits that they accrue to economies, so that firm steps can be taken to facilitate trade in these products. It is important to global consumers and industry that government leaders work together to expand trade and deployment of these technologies around the globe. One way to achieve this could be the implementation of a second ITA for example.

ITA AND THE CONVERGENCE OF TECHNOLOGIES

The ITA has been an overwhelming success story. The elimination of import duties on ICT products has greatly accelerated growth in sales all over the world. The reduced costs of ICT products has advanced their usage and has brought benefits to all sectors of society in countries that have signed the ITA. This success must be continued but the challenges created by convergence of ICT and CE technologies when having to classify these new innovative products have a risk of erosion of the intended scope of the ITA.

As a result of this convergence, many products are either already, or in danger of, being classified into dutiable customs categories. Some technological developments are hindered or even prevented because of this risk. In the light of the rapid technological development and increasing degree of convergence there is a need to establish a mechanism to ensure that the ITA is kept up to date.

The conclusion of the ITA and successive rounds of negotiations under the GATT successfully reduced tariffs on ICT products in those countries that are members of the ITA. Unfortunately countries in large parts of Latin America, Africa and the Middle East have not signed the ITA. It should be a priority to convince those countries that have not yet signed the ITA, to do so.

TARIFF BARRIERS

Import tariffs are the most obvious and visible restriction on market access, with significant variations worldwide in tariff levels applying to EICTA members' products. EICTA supports the simultaneous elimination of tariff and non-tariff barriers by all WTO Members as an ultimate objective. EICTA recommends the setting of specific

and realistic objectives with respect to market access negotiations, which will lead to the establishment of a global level playing-field for our sector.

EICTA welcomes and supports the elimination of tariffs linked with the dismantling of non-tariff barriers globally. Moreover, EICTA would welcome a sectoral negotiation on electronic goods to address tariffs and non-tariff barriers in our sector. However, special consideration should be given to existing domestic production and reasonable transitional periods must be ensured so as to enable industry globally to make the appropriate commercial adjustments.

REMOVAL OF NON-TARIFF BARRIERS

Experience shows that as tariffs are reduced, the significance and effectiveness of non-tariff barriers to trade (NTB) increases. Moreover, while tariffs are easily visible, many non-tariff barriers can be unclear and especially prejudicial to new market entrants. Consequently, effective market access improvements depend on the reduction and/or elimination of both types of barriers. NTBs can take many forms and can change quickly, depriving companies of effective access to other markets. EICTA is concerned that regulatory barriers have become one of the main obstacles to the free flow of our products, notwithstanding the obligations contained in the WTO Agreement on Technical Barriers to Trade (TBT Agreement). The DDA negotiations should therefore aim at making substantive progress in both implementing and developing the WTO Agreement on Technical Barriers to Trade.

Regulatory barriers remain difficult to address and eliminate since they often form part of a complex system of national / local standards and product approval schemes with varying ties to government regulation. Even for experienced companies operating globally, the diversity of technical requirements and certification schemes and lack of transparency can be a burden. Under the Market Access chapter of the Doha Declaration, members are invited to identify TBTs that should be removed. EICTA strongly recommends that the EU gives full support and contributes actively to the work proposed in this negotiation group, whilst ensuring the necessary coordination with the WTO Technical Barriers to Trade Committee.

Many NTBs are difficult to address within the TBT Agreement since they are non-discriminatory. There is no mechanism below the level of the formal WTO dispute settlement procedure, which can deal with the lack of implementation and barriers. Therefore the implementation of a TBT-specific mechanism that can quickly and efficiently resolve technical questions is highly recommended. Finally, without a resolution on how to define the term "international standards", parts of the Agreement cannot be applied efficiently. The Doha round should therefore aim at a more precise definition of the term "international standard", in light of the overall purpose of the TBT agreement – which is to facilitate trade.

EICTA members therefore call for high importance to be given to the removal of NTBs and we have listed below a number of examples of NTBs that are of particular

concern for the digital technology industry. EICTA welcomes the incorporation of a section on non-tariff barriers in the Proposal for Draft Elements of Modalities for Negotiations on Non-Agricultural Products submitted by the Chairman of the WTO negotiating group on Market Access.

1. Trade Facilitation

EICTA supports the creation of WTO basic rules on trade facilitation, especially covering:

- Harmonisation of documentary data
- Acceleration of customs clearance procedures
- Computerisation of customs procedures
- Import licensing and customs procedures

2. Technical Regulations

Under the auspices of the WTO, there should be a determined effort to pursue:

- Harmonisation of technical regulations, based on common essential requirements referencing international standards
- Effective implementation of existing Mutual Recognition Agreements (MRAs)
- Convergence of regulatory approaches, simplification of processes and improved transparency in regulations and de-regulation
- Elimination of excessive paper-work and administrative requirements and procedures

3. Standards

- The aim of industry is to have international standards valid all over the world, which allow companies to manufacture their products and test them according to one standard, and be accepted everywhere without product modification and local re-testing
- In pursuit of the above, there should be greater implementation of international standards referenced in technical regulations, without any modifications, and the removal of conflicting regional standards

4. Product Conformity Assessment

Duplicative testing and multiple certifications of computers, telecommunications equipment and other IT and CE products is a widespread issue that adds substantial costs to companies operating in different markets. A specific example is in EU-US trade where this issue has been estimated to cost companies and consumers up to €1.3 billion annually. Consequently,

- diverging conformity assessment requirements and excessive reliance on third party conformity assessment, such as certification systems, should be replaced by a generalised acceptance of declarations of conformity issued by the supplier
- there should be wider acceptance of test results and acceleration of conformity assessment processes.
- Specific labels, such as eco-labels, and the rules for affixing the labels, should be internationally harmonised and all national and regional labels should gradually be removed.

5. Customs Classification

- Simplification of the Harmonised System
- Consistency in application and interpretation of the Harmonised System
- Clear rules to classify multifunctional products

6. Trade Related Aspects of Intellectual Property Rights (TRIPs)

- Global implementation of the TRIPs agreement
- Faster adaptation of TRIPs to keep pace with technological developments

7. Public Procurement

- Transparency and non-discrimination in national procurement practices.

8. Counterfeiting

- The increasing number of counterfeit goods represents both a major threat to business and a major barrier to trade. Cheap, poor-quality counterfeit products in a market effectively create a barrier to the distribution of genuine products there.
- Accordingly those countries where counterfeit products are particularly prevalent should intensify their efforts to eradicate counterfeit goods and take effective action against counterfeiters.

9. The WTO Code on Technical Barriers to Trade

EICTA supports improving further the operation and implementation of the TBT Code,

particularly with respect to:

- Greater transparency in measures
- Legal certainty in interpretation and scope
- Promoting regulatory harmonisation based on essential requirements

10. Non-Discrimination

EICTA supports the equal treatment of domestic and non-domestic entities in relation to:

- Legal safeguards
- Exclusion of arbitrary measures
- More predictability to government regulation
- Promotion of international competition

CONCLUSION

EICTA member companies are strong supporters of the Doha Development Agenda and encourage governments to make the necessary commitments to ensure that the DDA is a success. We call for market access improvements in the Doha Round to secure, on a global basis, a more balanced, fair and open trading environment for digital technology products around the world.

EICTA intends to build an inventory of priority markets and priority tariff and non-tariff barriers around the world that we will share and discuss with the European Commission as input for the negotiations.

We welcome continued dialogue with the European Commission, national governments and other interested parties on this paper, and on other aspects of the Doha Round negotiations.

Brussels, September 2005

EICTA MEMBERSHIP

EICTA, founded in 1999 is the voice of the European digital technology industry, which includes large and small companies in the Information and Communications Technology and Consumer Electronics Industry sectors. It is composed of 53 major multinational companies and 34 national associations from 25 European countries. In all, EICTA represents more than 10,000 companies all over Europe with more than 2 million employees and over EUR 1,000 billion in revenues.

The membership of EICTA:

Direct Company Members:

Accenture, Adobe, Agilent, Alcatel, Apple, Bang&Olufsen, Blaupunkt, Brother, Bull, Canon, Cisco, Corning, Dell, EADS, Epson, Ericsson, Fujitsu, Hitachi, HP, IBM, Infineon, Intel, JVC, Kenwood, KonicaMinolta, Lexmark, LG Electronics, Loewe Opta, Lucent, Marconi, Microsoft, Motorola, NEC, Nokia, Nortel, Océ, Panasonic, Philips, Pioneer, Qualcomm, Samsung, Sanyo, SAP, Sharp, Siemens, Sony, Sun Microsystems, Symantec, Texas Instruments, Thales, Thomson, Toshiba.

National Trade Associations:

Austria: FEEI; **Belgium:** AGORIA; **Czech Republic:** SPIS; **Denmark:** ITEK, ITB; **Estonia:** ITL; **Finland:** SET, FFII; **France:** ALLIANCE TICS, SIMAVELEC; **Germany:** BITKOM, ZVEI; **Greece:** SEPE; **Hungary:** IVSZ; **Italy:** ANIE, ASSINFORM; **Ireland:** ICT Ireland; **Latvia:** LITTA; **Lithuania:** INFOBALT; **Malta:** ITTS; **Netherlands:** ICT-Office; **Norway:** ABELIA, IKT Norge; **Poland:** KIGEIT, PIIT; **Slovakia:** ITAS; **Slovenia:** GZS; **Spain:** AETIC; **Sweden:** IT Företagen; **Switzerland:** SWICO, SWISSMEM; **United Kingdom:** INTELLECT; **Turkey:** ECID, TESID.