ENABLING THE NETWORKED SOCIETY
- THE TRADE POLICY RESPONSE

ULF PEHRSSON
VP GOVERNMENT & INDUSTRY RELATIONS, ERICSSON
WTO PUBLIC FORUM 26 SEPTEMBER, 2012
Global presence and scale
- Presence in 180 countries
- Sales 35 billion USD
- 108,000 employees

Technology leadership
- R&D investments 5 billion USD
- 22,000 R&D employees

Services leadership
- 57,000 services professionals
- more than 900 million subscribers in networks managed by Ericsson
MOBILE SUBSCRIPTIONS BY TECHNOLOGY, 2008-2017

Source: Ericsson (June 2012)

M2M subscriptions not included
Mobile broadband is defined as CDMA2000 EV-DO, HSPA, LTE, Mobile WiMAX and TD-SCDMA.

M2M subscriptions not included in figure.
TOWARDS THE NETWORKED SOCIETY

Source: Ericsson
SUMMARY OF BROADBAND BENEFITS

+1000 BB USERS => +80 JOBS

+10 % POINTS BB => +1% GDP

+ 2 x BB SPEED => + 0.3 % GDP
CHARACTERISTICS OF THE ICT INDUSTRY
- THE MOST GLOBALIZED BUSINESS SECTOR

› Global market, global players
› Global products, based on global standards
› Global sourcing strategies, complex supply chains
› Global origin of products

Multilateral (WTO) trade liberalization – always the preferred option
ICT GOODS: THE CASE FOR ZERO DUTIES

› IMPORT DUTIES SIMPLY DON’T MAKE SENSE
› Strong enabler for increased efficiency, productivity in all sectors
› Undisputed societal benefits (e/m-health, e/m-government etc)
› Enabler for addressing climate change, smarter society
› Driver for reducing the Digital Divide, connecting the unconnected
› Strengthens the investment climate, creates predictability
› Creates employment opportunities in the ICT sector in
   - services
   - development of software
   - development of applications and content
   - manufacturing
› IN CONTRAST
› Customs duties and taxes only slow down uptake of technology
› No country has created a strong exporting ICT industry behind tariff walls
WHY FTA’S ARE NOT THE ANSWER FOR A GLOBALIZED SECTOR

› No recognition of global supply chains
› No rules of origin harmonization in FTA’s
› Trade diversion will result from competing FTA activities on different time tables
› The cost of analyzing content (to meet rules of origin requirements) exceeds the benefit of preferential treatment
ITA – A SUCCESS STORY

› A global *industry initiative* (1995-96)
› Guarantees *bound duty-free treatment* for ICT products
› Negotiated as a *stand-alone WTO agreement* by 29 members (1997)
› 46 *members have joined* since, making a total of 75 members
› An ITA Expansion negotiation with the ambition to broaden the product and membership scope was initiated in May 2012, once again as a *stand-alone effort*
› WHAT’S STOPPING OTHER SECTORS FROM REPEATING THE ITA SUCCESS?