

# Executive summary

- Since its entry into force in July 1997, the Information Technology Agreement (ITA) has eliminated tariffs on a range of information technology products with a current annual value of approximately **US\$ 1.7 trillion**.
- Initially signed by 29 members, the ITA saw the number of its participants rise quickly. Today the ITA includes **82 WTO members** and covers **97 per cent** of world trade in IT products.
- Over the past 20 years, world ITA exports have more than tripled in value and now represent **15 per cent** of total merchandise exports, exceeding the shares of automotive products, textiles and clothing, and pharmaceuticals.
- In 20 years of operation, the ITA has deepened developing economies' integration into global production networks. A remarkable change in ITA trade has been the emergence of Asian economies, particularly China. In 2015, **seven of the top ten** ITA exporters were Asian.
- Participation in the ITA boosted developing economies' exports of ITA products to the world. Developing economies' share of ITA exports rose from **26 per cent in 1996** to **63 per cent in 2015**. In the same period, their share in total world exports only grew from 27 per cent to 43 per cent.
- The “zero-in zero-out” tariffs under the ITA eliminated costly administrative burdens at customs and reduced delays for goods crossing borders, **facilitating trade in ITA products**.
- By binding and eliminating duties and other charges on ITA products in their WTO schedules, ITA participants extend **duty-free treatment** to all WTO members on a **most-favoured nation (MFN)** basis, thereby bringing the benefits of the agreement to the entire WTO membership.
- The binding nature of tariff-cutting commitments under the ITA has increased the certainty of the trading environment for ITA participants, creating predictability for businesses and rendering participants more attractive to investment and to hosting multinational firms, **thereby improving their competitiveness**.
- The ITA has had a positive impact on trade and the economy but not all participants have benefitted from trade opening in the same way. The costs associated with tariff elimination and market opening **must be counterbalanced** by regulatory reforms and other policies aimed at boosting productivity and enhancing innovation for the benefit of the economy as a whole.



▪ Over the past 20 years, the information and communications technology (ICT) sector has evolved dramatically as a result of technological innovation, consumer preferences and changing prices. This prompted **54 WTO members** to decide to expand the product coverage of the ITA to further liberalize trade in the ICT sector. The expansion negotiations were concluded on **16 December 2015** at the 10th WTO Ministerial Conference in Nairobi, Kenya.

▪ Under the ITA expansion, import duties and other charges are being reduced to zero on **201 high-tech products**, such as new-generation integrated circuits, touchscreens, GPS navigation equipment and medical equipment, with an annual value of about US\$ 1.3 trillion, accounting for approximately 10 per cent of world trade in goods. By 2019, **89 per cent** of tariff lines will be duty-free and the remaining products will have an average duty of around **1 per cent**.

▪ By reducing the price of ICT goods, the ITA has helped to increase the availability of products such as mobile phones in developing economies and has led to the wider use of new technology. In 2016, import prices of computers and semiconductors were **66 per cent lower** than when the ITA entered into force.

▪ The lower cost and greater availability of computers and mobile phones has resulted in increased access to the Internet and the growth of the digital economy, **creating new opportunities for trade**.

▪ Despite a reduction in prices, the cost of ICT goods continues to represent a barrier to accessing technology. In economies that are not participants to the ITA, tariffs are as high as **45 per cent** on certain ICT imports. For products which are now covered by the ITA expansion, tariffs can go up to **87 per cent**.

▪ Removing tariffs on ICT products can help to make these products more affordable and to unlock the economic and social benefits that may be derived from technology and the use of the Internet. Participation in the ITA and the ITA expansion can be a **driver for reforms**.

▪ By supporting the wider use of technology and innovation, the ITA is contributing to meeting the **United Nations Sustainable Development Goal** of universal and affordable access to the Internet by 2020. In 2016, **53 per cent** of the world population was "offline", and of the **47 per cent** of people using the Internet, only **one out of seven** lived in least-developed economies. Internet users in developing and least-developed economies mainly connect via mobile technology, as fixed-broadband services are three times more expensive than mobile-broadband services. Further participation in the ITA will help to bridge this digital divide.

