**Beat: News**

# Trillion-euro global high-tech trade deal agreed

**European Commission**

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**USPA NEWS -** The European Union, the United States, China and the vast majority of the World Trade Organization (WTO) members that were participating in the negotiations agreed today to eliminate custom duties on 201 high-tech products.

The extension of the 1996 Information Technology Agreement (ITA) is the biggest tariff-cutting deal in the WTO in almost two decades. The agreement initiated and brokered by the EU, will benefit both consumers and firms alike by removing customs duties on a wide range of goods, including medical equipment, video games and consoles, home hi-fi systems, headphones, blue-ray/DVR players, semi-conductors, and GPS devices. All in all, the deal will cover €1 trillion in global trade, covering close to 90% of world trade in the products concerned. A total of 54 WTO members[1] negotiated the expansion of the ITA. A limited group of countries is expected to confirm its participation in the coming days.

"This is a great deal for consumers, and for companies big and small" said EU Trade Commissioner Cecilia Malmström. "We´ve worked hard to broker this compromise between different countries and to find the best solutions for Europe. This deal will cut costs for consumers and business "" in particular for smaller firms, which have been hit especially hard by excessive tariffs in the past. Just as important, this deal shows how we can use the EU´s trade policy to encourage innovation in the IT sector "" a part of our economy that is crucial for Europe's growth and for creating jobs."

The Commissioner added: "This major achievement adds much-needed momentum to the World Trade Organization. It clearly shows that countries around the world can work together to achieve solutions that benefit everyone. I count on other countries joining soon. And looking ahead, this agreement is an inspiration to step up our efforts in the run-up to the WTO ministerial in Nairobi in December. That will be the 'make or break' meeting for the Doha development round "" it will be the last chance to conclude it."

The new, expanded ITA agreement concluded today will reduce the costs for consumers and for manufacturing IT products in Europe. It will offer new market access for many of Europe's high tech companies "" some of which are leaders in their fields "" and encourage innovation by simplifying access to state-of-the-art technology. As such, it will contribute to the further development of the digital economy in the EU.

The role of the EU
The EU made the original proposal back in 2008 to review and expand the ITA. Other WTO members finally took up the proposal in 2012, when negotiations started. From the outset, the EU proposed liberalising a wide range of goods, including consumer goods with relatively high tariffs in the EU (up to 14%), such as set top boxes, video cameras and cathode ray tube monitors. The EU then played a key role in brokering compromises throughout the negotiations, and chaired the last three negotiating rounds.

Background on ITA expansion
Tariffs will be eliminated within 3 years from the date of application of the agreement, which is foreseen for 1st July 2016. For sensitive products longer phase-out periods will be negotiated to give industry time to adapt to a zero-tariff environment The EU has a trade surplus in the products covered of around € 15 billion. The deal will not cover certain electronic products subject to duties in the EU, such as certain monitors, projectors, non-digital car radios as well as TVs.

The extension of the ITA aimed at broadening the original Information Technology Agreement between Members of the World Trade Organisation (WTO), which came into force in 1997. A total of 54 WTO members negotiated the expansion of the ITA.

Under the original ITA, participants eliminated all customs duties on IT products such as computers, telephones, digital cameras and their parts.

Since the ITA was completed and entered into force in 1997, trade in the sector has quadrupled. In May 2012 a number of participants started negotiations to expand ITA to new products. The new agreement will substantially expand the range of products covered, that include consumer and other finished products, parts and components, and machinery used in the manufacturing of IT products (enclosed a summary of the products covered by the ITA expansion).

ITA-expansion product list, explained
The expansion list covers both consumer and other finished products as well as components and manufacturing equipment.
Examples of finished products
Multimedia products (GPS, DVD players, smart cards, optical media)
Multifunctional printing and copying machines, ink cartridges
Electronics (TV-cameras, video recording, digital car radios, set top boxes)
Medical equipment: sophisticated medical equipment such as scanners, machines for magnetic resonance imaging, tomography or dental care and ophthalmology

Video games and consoles
Routers and switches, microscopes and telescopes
Weighing and money-changing machines
Loudspeakers, microphones and headphones
Telecommunication satellites
Examples of parts and components
Parts and components for production of IT goods and semiconductors, including TV parts and parts and other machinery incorporated in IT products, from smartphones to optical or medical equipment. This includes e.g. lasers, LED modules, touch screens, measuring and weighing instruments, switches, electromagnets, amplification apparatuses, etc.

Multicomponent integrated circuits (MCOs), which are the latest and future generation chips included in many electronic and other products: over 30 tariff lines included
Instruments for aeronautical and space navigation
Machinery for production of IT goods and semiconductors
Machine tools for the manufacture of printed circuits or semiconductors and other IT products, filtering machines, and their parts
[1] The European Union and its 28 Member States; Albania; Australia; Canada; China; Colombia; Costa Rica; Guatemala; Hong Kong, China; Iceland; Israel; Japan; Korea; Malaysia; Mauritius; Montenegro; New Zealand; Norway; the Philippines; Chinese Taipei; Singapore; Switzerland; Thailand; Turkey; and the United States.

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