

U.S. Files Request for WTO Consultations with EU on Duty Treatment of ITA Products

Since 2005, the European Union (EU) has been applying duties on several high-tech products covered by the WTO Information Technology Agreement (ITA): LCD monitors, set top boxes, and certain multifunction computer peripherals (i.e. devices that can scan/print/copy/fax). After numerous discussions with the EU, the United States has decided to file a request for consultations under WTO dispute settlement procedures.

ITA participants committed to eliminate duties on a wide range of information technology products

- Signatories to the ITA committed to eliminate duties on products millions of people use every day at work and at home, including computers and computer peripherals, set top boxes, digital cameras, fax machines, and most telecommunication and semiconductor equipment.
- ITA participants, including the EU, have amended their WTO Schedules of Commitments to provide for duty-free treatment for ITA products.
- 71 WTO Members are signatories to the ITA, including the United States and the EU.

The EU is no longer guaranteeing duty-free treatment for certain high-tech products

- The EU has started applying duties to certain of these products simply because they incorporate certain features or technologies.
- For example, the EU has begun applying duties to virtually all LCD computer monitors on the market, simply because they connect to a computer using a digital video interface (DVI).
- The EU now applies duties to set-top boxes that can access the Internet (e.g. cable boxes) simply because they have a hard drive. And it applies duties to virtually all multifunction computer peripherals simply because the devices are able to copy more than 12 pages per minute.
- As a result of these actions, the EU is now applying duties of up to 14 percent on products which were previously receiving duty-free treatment.

Billions of dollars of global trade could be affected by the EU measures

- EU imports of set-top boxes, LCD computer monitors, and multifunction computer peripherals were valued at more than \$11 billion dollars from the world

in 2007. Worldwide exports of these products were valued at more than \$70 billion and are sold by a wide range of developed and developing countries.

- U.S. companies are some of the largest manufacturers of these products.
- The United States is the second largest exporter of total ITA products in the world. If duty-free treatment for ITA products is not maintained, trade, jobs, and investment could be seriously affected.

The EU must preserve the benefits of the ITA

- The ITA was intended to “...encourage the continued technological development of the information technology industry...” and “... maximize freedom of world trade in information technology products”.
- ITA negotiators recognized that ITA products would likely develop new features and that technology would improve over time. If ITA signatories were allowed to deny duty-free treatment to ITA products simply because they have become more technologically-sophisticated, virtually no products would be eligible for duty-free treatment.
- Maintaining permanent duty-free treatment for all ITA products will preserve the positive contribution that information technology has made to global economic growth and welfare.