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**\*\*\* AS PREPARED FOR DELIVERY \*\*\***

Welcome, everyone. Today, the United States filed a formal challenge to tariffs being imposed by the European Union on specific high-technology products. These tariffs appear to be inconsistent with the EU's obligations under the World Trade Organization's Information Technology Agreement.

Therefore, we have requested WTO dispute settlement consultations with the EU to resolve this matter.

Through various actions over the past few years, the EU has been imposing duties that can run as high as 14 percent on specific items, in spite of the fact that as signatories to the ITA they obligated themselves to duty-free treatment for these products.

The EU claims that, because these products have evolved to include additional technologies and features, they are now new products, and therefore, not covered by the ITA.

However, we all know that technology is organic. New features are developed, and advances are made, almost before we walk out of the store, and certainly before the ink is dry on most of our agreements.

Everyone understands this, which is why the categories covered by the ITA were broadly defined. We wanted to make sure that the commitments to give duty-free treatment to these products would be maintained in the face of the evolution of technology.

The products that were included in the ITA, and that are the targets of the EU tariffs in question are: (1) cable or satellite boxes capable of accessing the internet, (2) flat panel displays for computers, and (3) certain computer printers that can also scan, copy and/or fax.

Global exports of these products are estimated at over \$70 billion.

The EU claims that this equipment has evolved beyond the technology subject to the ITA. However, if ITA participants only provided duty-free treatment to products with the technology that existed at the time the ITA was concluded, very few ITA products would be eligible for duty-free treatment today.

That was not what ITA participants intended when this landmark sectoral agreement was reached more than 10 years ago.

We are not the only country concerned about Europe's actions. Japan has also announced that it is requesting WTO consultations with the EU regarding this matter. And we have heard from several other WTO members expressing similar concerns.

Our technology industry also supports these efforts. Today we have with us Rhett Dawson, the Information Technology Industry Council's president and chief executive, who will be available after this briefing to answer any industry-specific questions you might have. ITI has been a leader on this front, and a supportive partner.

What we are concerned about today is that the EU is effectively taxing innovation – a move that could impair continued technological development and raise prices for millions of businesses and consumers.

The ITA has made a significant contribution to U.S. and world economic growth by promoting trade, jobs and investment in the information technology sector. World exports of IT products have soared from \$600 billion when the ITA was signed to more than \$1.5 trillion today.

Europe should be working with the United States to promote new technologies, not finding protectionist gimmicks to apply new duties to these products.

I would be happy to take any questions now.

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