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EU Welcomes Breakthrough On IT Trade Pact Expansion

by Mary Swire, Tax-News.com, Hong Kong
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The EU Ambassador to the WTO, Angelos Pangratis, has lauded the agreement from 54 WTO members on an expansion to the World Trade Organization's (WTO's) Information Technology Agreement.

Nearly all the participants have now confirmed their acceptance of the product coverage list, which was finalized on July 24. Under the deal, taxes will be removed on high-tech goods, such as new-generation semi-conductors, GPS navigation systems, tools for manufacturing printed circuits, telecommunications satellites, and touch screens.

"There is no need to stress the significance of this result. The figures provided by the WTO – USD1.3 trillion of annual trade – are already very telling by themselves," said Ambassador Pangratis, who chaired the final round of the expansion talks. "Duty-free import and export of IT goods will make worldwide IT industries more competitive and increase the efficiency of global supply lines."

"Eliminating tariffs on trade of this magnitude will have a huge impact," declared WTO Director-General Roberto Azevêdo. "It will support lower prices, including in many other sectors that use IT products as inputs. It will create jobs and it will help to boost GDP growth around the world."

Both the EU Ambassador and the Director-General underlined that the Agreement brings benefits to all WTO members, since it will be implemented on a most-favored nation basis. This means that exports of covered goods from all WTO members will enjoy duty-free treatment in the participating members.

They also noted the Agreement is open to all members to join at any time, regardless of whether they have participated in the negotiations up to now.

Under the declaration, participants have agreed to reduce tariffs on the covered goods in four equal annual reductions of customs duties, beginning on July 1, 2016, and concluding on July 1, 2019.

Each participant will, by October 30, submit draft schedules detailing how they will provide duty-free treatment to the covered products and make them binding under WTO rules. These schedules will be reviewed and approved by participants no later than December 4.

The Agreement will take effect once the market share of those participants that have had their draft schedules approved reaches 90 percent. This threshold is expected to be reached in time for the 10th Ministerial Conference in December.

The participants have also agreed to meet no later than January 2018 to review the product coverage and consider whether the coverage list should be updated to include additional products. In addition, they have agreed to intensify their discussions concerning non-tariff barriers in the information technology sector.

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