

WTO strikes 'landmark' deal to cut tariffs on IT products

July 24 2015, by Ben Simon



In this Feb. 16, 2010, file photo, a customer looks over Hewlett Packard ink cartridges for his printer at Best Buy in Mountain View, Calif. More than 50 countries in the World Trade Organization have agreed to eliminate tariffs on 200 technology products, including video game consoles, printer cartridges and GPS devices. The expansion of 1997's Information Technology Agreement is the WTO's first tariff-killing agreement in 18 years. (AP Photo/Paul Sakuma, File)

Major exporters of information technology on Friday agreed to cut global tariffs on more than 200 products, in the first such deal struck by

the World Trade Organization in nearly two decades.

The pact which came after three years of frequently-stalled negotiations, covers products ranging from video games to touch screens and GPS navigation systems.

In all, the 201 products covered account for roughly \$1.3 trillion (1.18 trillion euros) or seven percent of annual global trade.

"Today's agreement is a landmark," WTO Director General Roberto Azevedo said in a statement, describing the accord as "the first major tariff cutting deal" at the organisation in 18 years.

The European Union Trade Commissioner Cecilia Malmstrom described the deal—which was initiated and brokered by the EU—as "a great deal for consumers, and for companies big and small".

While the full terms of the agreement will not be released until next week, the WTO said the highlights include the elimination of "the majority of tariffs" on a diverse range of products within three years.

The trade value of the IT products covered amounts to more than the "trade in automotive products—or trade in textiles, clothing, iron and steel combined," Azevedo.

While only 54 WTO member-states took part in the talks, all 161 nations that make up the organisation can benefit from the outcome, the WTO said.

The EU said an additional, "limited" number of countries is expected to confirm its participation in the deal in the coming days.

The tariff reductions are set to start in 2016, but participating countries

must by the end of October submit a draft schedule spelling out their plans to meet the terms of the deal.



In this Nov. 22, 2013, file photo, Xbox Ones are on display at a Best Buy store in Evanston, Ill. More than 50 countries in the World Trade Organization have agreed to eliminate tariffs on 200 technology products, including video game consoles, printer cartridges and GPS devices. The expansion of 1997's Information Technology Agreement is the WTO's first tariff-killing agreement in 18 years. (AP Photo/Nam Y. Huh, File)

Logjam broken

The agreement is an expansion of a pact reached in 1996 by 81 WTO members, known as the Information Technology Agreement (ITA).

In 2012, member states resolved that the ITA needed to be revised because the world's most valuable IT products had been invented after 1996.

But there were considerable hurdles to striking a broader agreement, notably differences between the United States and China.

There were reports that China was fighting to exclude about 60 new product categories, including certain next-generation silicon chips.

In November 2014, President Barack Obama said in Beijing that the two sides had "reached an understanding" on moving the talks forward.

The WTO said that the deal finalised on Friday has provisions to expand the list of products covered, with changes possibly needed "to reflect future technological development."

Lower prices, more jobs

The WTO chief claimed the agreement was set to have "a huge impact" by lowering prices, creating jobs and boosting economic growth worldwide.

For the EU's Malmstrom, much of the immediate benefit was likely to be felt by smaller producers.

"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," she said.

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