

# WORLD TRADE ORGANIZATION

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**Committee of Participants on the Expansion of Trade in  
Information Technology Products**

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## **UPDATING THE LIST OF PRODUCTS COVERED UNDER THE INFORMATION TECHNOLOGY AGREEMENT (ITA)**

### Communication from Japan

The following communication, dated 22 November 2006, is distributed at the request of the delegation of Japan.

#### **I. BACKGROUND**

1. Almost ten years have passed since the Ministerial Declaration on Trade in Information Technology Products (WT/MIN(96)/16, "Information Technology Agreement (ITA)") was concluded on 13 December 1996 at Singapore Ministerial Conference. During the intervening decade, significant development of the IT industry has taken place, including globalization of the industry with their supply chain networks and production facilities, and technological development creating new products and production methods, which together have contributed to a better quality of life and the creation of new employment, including in developing countries.

2. During this first decade of the ITA, many information technology products have experienced dramatic technological development. New generation products are much more sophisticated than their predecessors; technological convergence has created new types of products with multiple functions; and new products have been developed. Reflecting such technological development, while the original product coverage of the ITA was defined with Harmonized System (1996) ("HS") headings, the HS was revised in 2002, and the next revision is coming into effect in January 2007. Meanwhile, the work on Attachment B has made progress to narrow the classification divergences on many of the products contained therein (G/IT/W/6/Rev.3).

3. These developments have generated great uncertainty as to exactly which products are covered under the ITA. This uncertainty, in turn, would significantly reduce the effectiveness of the ITA as envisioned ten years ago.

#### **II. SUGGESTED ACTIONS**

4. In order to preserve the effectiveness of the ITA, in response to the recent evolution of IT products, it is urgently necessary to start working on enhancing the transparency and predictability of the product coverage of the ITA. The Committee of Participants on the Expansion of Trade in Information Technology Products (the "ITA Committee") should develop a systematic and comprehensive approach as outlined below:

- (a) Update the ITA product list with the new HS codes in accordance with the following steps:
- (i) ITA participants should submit their own lists of ITA products under HS (2002) as well as HS (2007), together with the conversion tables, to the ITA Committee as soon as possible, with a specific time frame decided by the ITA Committee;
  - (ii) The Secretariat should prepare a compilation of the revised lists submitted by the participants, on which basis the ITA Committee should work promptly on any divergences which might be found, with the aim to preserve the integrity of the coverage of the ITA; and
  - (iii) Once the ITA Committee reaches consensus, the ITA product list should be revised with new HS codes.
- (b) Accelerate the ongoing work on Attachment B, in particular List V, and complete the work as soon as possible

The products in Attachment B that have already been settled should be incorporated to the revision of the ITA product list in a) above, and the remaining products should be duly incorporated as soon as they are settled.

Throughout the process, the ITA Committee should work closely with the Customs Cooperation Council ("WCO").

5. These actions are already envisaged in the text of the ITA, as they are intended to give concrete effect to paragraph 5 of the Annex, which states the following:

*"5. Participants shall meet as often as necessary ... to consider any divergence among them classifying information technology products, beginning with the products specified in Attachment B. Participants agree on the common objective of achieving, where appropriate, a common classification for these products within existing HS nomenclature, giving consideration to interpretations and rulings of the [WCO]. In any instance in which a divergence in classification remains, participants will consider whether a joint suggestion could be made to the WCO with regard to updating existing HS nomenclature or resolving divergence in interpretation of the HS nomenclature."*

6. In view of the ongoing works of introduction of harmonized system 2002 changes to Schedules of Concessions (G/MA/W/23/Rev.3) as well as the expected introduction of harmonized system 2007 changes (G/MA/W/81/Rev.1), the ITA Committee should work in cooperation with the Committee on Market Access so that the ITA Committee can provide meaningful input to the works of the Committee on Market Access and ensure coherence between the two.

### III. CONCLUSIONS

7. In view of the rapid developments witnessed during the past ten years, it is imperative for the ITA participants to work seriously and urgently on preserving and enhancing the effectiveness of the ITA as originally envisioned. Japan proposes that the ITA Committee to decide on specific actions as suggested above and with a precise timeframe, with a view to completing the work without further delay.

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