

Information Technology Agreement, Non-tariff Barriers, EU-Asia ICT trade

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23 September 2009

NTBs in Global Context

- Decline of the importance of tariffs, and the rise of the non-tariff barrier to trade
- Nature of NTBs also tends to evolve: less quotas, state trading; more governance issues and technical regulations
- The big headache of the 21st Century: health and safety, environment, procedures
- Role of technological and level of economic development in shaping the NTB structure of the country. ICT a strong issue in such a context
- The big danger for ITA: customs classification

Overview of Goods Covered by the ITA

Computers

Telecommunications Equipment

Semiconductors

Semiconductor Manufacturing Equipment

Software

Scientific Instruments and Other Products

Other: e.g digital still cameras

What it does NOT include

- A whole range of consumer electronics such as video equipment, TV sets, recorded DVDs, asf
- Certain scientific instruments such as satellite navigation devices
- Certain photocopiers
- Optic fibers

Non Tariff Barriers in the ICT Sector

1. CONFORMITY ASSESSMENT + TESTING/CERTIFICATION

- Lack of acceptance of conformity assessment reports between countries; non-use or deviations from international standards for conformity assessments; unreasonable demands for testing; duplication or multiple testing; lack of recognition of industry standards.

2. STANDARDS/REGULATORY ENVIRONMENT

- Duplicative testing; divergent/excessive national standards; non-use of international standards; multiplicity of bodies and deficient coordination among regulatory bodies; voluntary, but *de-facto*, requirements.

3. CUSTOMS PROCEDURES/CERTIFICATE OF ORIGIN

- Cumbersome, non-transparent and overly bureaucratic procedures related to obtaining customs clearance; unnecessary certificates of origin on duty-free goods, as well as compliance documents, certificates of quality, legalization documents, and pre-shipment inspections.

4. IMPORT LICENSING

- Classification issues, excessive number of administrative bodies, lack of transparency, and processing/approval times.

5. RULES OF ORIGIN

- Stringent rules of origin in preferential trade agreements.

6. TRANSPARENCY AND AVAILABILITY OF INFORMATION

- Regulations not readily available and not in standardized format.

7. GOVERNMENT PROCUREMENT

- Lack of transparency, local content, and buy national requirements.

8. RESTRICTIONS ON IT PROFESSIONALS

- Restricted visa regimes, inadequate visa durations, single-entry only visas.

Source: *WTO Secretariat NTM Compilation, G/IT/SPEC/Q2/11/Rev.1.*

Tariffs and tariff rate equivalents on selected ICT goods

	Average of AV Duties ¹	Average Tariffs incl. AVEs ²	Ad-Valorem Equivalent of NTB in % ³	Rate of protection ⁴
8443: Printing and ancillary machinery				
China	10.86%	17.54%	0%	17.54%
Japan	0%	0%	0%	0%
Malaysia	5%	0%	28.72%	28.72%
USA	1.11%	0.77%	0%	0.77%
European Union ⁵	1.75%	...	...	...
France	...	0.32%	0%	0.32%
Germany	...	0.32%	0%	0.32%
The Netherlands	...	0.32%	0%	0.32%
United Kingdom	...	0.32%	0%	0.32%
8518: Audio-electronic equipment, except recording devices				
China	5.79%	15%	0%	15%
Japan	0%	0%	63.93%	63.93%
Malaysia	17.81%	8.63%	42.48%	51.12%
USA	1.84%	2.43%	1.29%	3.72%
European Union ⁵	1.64%	...	...	...
France	...	0.27%	0%	0.27%
Germany	...	0.27%	0%	0.27%
The Netherlands	...	0.27%	0%	0.27%
United Kingdom	...	0.27%	0%	0.27%

	Average of AV Duties ¹	Average Tariffs incl. AVEs ²	Ad-Valorem Equivalent of NTB in % ³	Rate of protection ⁴
8521: Video recording and reproducing apparatus				
China	25%	41.59%	62.23%	103.82%
Japan	0%	0%	37.32%	37.32%
Malaysia	30%	0%	77.84%	77.84%
USA	0%	0.51%	0%	0.51%
European Union ⁵	10.65%	...	...	...
France	...	2.52%	0%	2.52%
Germany	...	2.52%	0%	2.52%
The Netherlands	...	2.52%	0%	2.52%
United Kingdom	...	2.52%	0%	2.52%
8525: Radio and TV transmitters, television cameras⁶				
China	8.90%	15.61%	0.75%	16.37%
Japan	0%	0%	0%	0%
Malaysia	3.33%	1.62%	28.83%	30.45%
USA	0.97%	1.08%	21.19%	22.27%
European Union ⁵	2.80%	...	...	...
France	...	0.29%	0%	0.29%
Germany	...	0.29%	0%	0.29%
The Netherlands	...	0.29%	0%	0.29%
United Kingdom	...	0.29%	0%	0.29%

	Average of AV Duties¹	Average Tariffs incl. AVEs²	Ad-Valorem Equivalent of NTB in %³	Rate of protection⁴
8534: Electronic printed circuits				
China	0%	11.00%	0%	11.00%
Japan	0%	0%	0%	0%
Malaysia	0%	0%	0%	0%
USA	0%	0.76%	0%	0.76%
European Union ⁵	0%	...	...	...
France	...	0%	0%	0%
Germany	...	0%	0%	0%
The Netherlands	...	0%	0%	0%
United Kingdom	...	0%	0%	0%
<p>¹ WTO bound tariffs; ² World Bank tariff calculations based on WTO's integrated database and UNCTAD's TRAINS, and MAcMaps database is used for ad-valorem equivalents; ³ Latest available World Bank data based on UNCTAD's TRAINS dataset and their own calculations; ⁴ World Bank calculation (sum of tariffs, AVE of NTBs, and AVE of domestic support); ⁵ No NTB values for EU, selected EU countries are used as a proxy. Source: WTO and World Bank (for more information on the methodology used by the World Bank in the NTB calculations see Kee, Hiau Looi, Alessandro Nicita and Marcelo Olarreaga (2008). ⁶ For 8525 all 6-digit categories are included as listed below in the NTBs except for 852540: still image video cameras and other video camera recorders</p>				

Japan – selected NTBs in ITA products

- Burdensome **product registration & labelling** requirements
- METI-specific technical regulations.
- **Voluntary labeling (JIS)**
- **Double testing**
- **Competition/ Market structure:** Manufacturers of mobile phone devices cannot sell to consumers directly in Japan but have to go through mobile operators, which limits competition and prevents manufacturers from introducing their own technical solutions to the market.
- **ITA products in top 10 list of most costly NTBs in terms of AVE: 854211 (monolithic integrated circuits), 544 041 000 US\$, 854150 (Semiconductor devices): 109 919 000 US\$.**

Korea - selected NTBs in ITA products

- **Exclusionary practices in the setting of standards** for new technologies, particularly in the field of next “generation communications”.
- **License requirements**, which mandate particular technology standards or the use of particular technologies for telecommunication equipment
- **Bench Mark Test (BMT)** requirements as a part of the selection process. The selection process is not always transparent.
- **Customer verification requirement before any purchase order.** This process is unfavourable since the presales cost is much higher for foreign vendors

China – selected NTBs in ITA products

- **Developed a new domestic 3G standard (TD SCDMA) - own standards are prevalent in other sectors, including DTV, HDTV (AVS)**
- **Licensing requirements**
- **“CCC” labelling and conformity assessment requirements**
- **Mandatory testing and certification for certain IT products for information security reasons (“green wall”)**
- **“China RoHS”**
- **Government procurement**

India – selected NTBs in ITA products

- **Certification and licensing requirement and procedures: extremely onerous**
- **Remaining import licensing requirements**
- **Government procurement**
- **ITA NTBs that are in the top ten list of costliness in terms of AVEs:**
 - HS 8529 90: Parts of transmission apparatus other than radio and TV broadcasting: USD 540 798 000;
 - HS 847190: other parts of Automatic data processing machines USD 79 466 000;
 - HS 851790: Telephony parts USD 72 114

EU - selected NTBs in ITA products

- RoHS directive: lack of sufficient, clear, and legally binding guidance from the EU on the product scope of the RoHS Directive. Diverging approach by member states in enforcing RoHS
- Implementation of REACH, WEEE directives
- Implementation measures for Ecolabelling (requirements for CE marking, for example)
- Diverging customs classification practices at national level
- ICT product classification for which the EU is now defending itself in the WTO (borderline case tariff/non-tariff problem)