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Summary Outcomes of Seminar on IT/Electronics Industry

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**Market Access Group
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Summary Outcomes

of

APEC/MAG Seminar on IT/Electronics Industry

On September 8, the Market Access Group (MAG) conducted a seminar on IT/electronics industry in Gyeongju, Korea. Participants included MAG members, business representatives from the IT/electronics industry, and WTO experts in the region. This seminar was organized in response to the growing importance of expanding IT/electronics trade, and in connection with progress in WTO negotiations on electronics/electrical sector in Geneva.

The seminar aimed to enhance understanding among government officials regarding the evolution of the IT/electronics sector, as well as the impact caused by expanded electronics trade on economic development in the APEC region. Representatives of the business community from a range of developed and developing economies were involved to present their views. The seminar also focused on identifying measures and policy options related to removal of trade barriers affecting IT/electronics products, for consideration by APEC and the WTO.

Participants discussed aspects of the IT/electronics industry and related policy measures such as:

- The IT/electronics industry, which has been rapidly growing, is critical to future growth and innovation in all industries, SMEs, and public and consumer sectors. The IT/electronics industry continues to have an extensive impact on economic development in APEC.
- The IT/electronics industry is becoming increasingly global as a result of the expansion of trade, increased foreign investment and diversified supply chains.
- IT/electronics products are essential for a wide range of business and economic activities. These products help increase efficiency and integration in business including SMEs, contributing to improvements in productivity and competitiveness of economies locally, regionally and globally as well as the efficiency of the government sector. The further spread of IT/electronics products, which can be achieved through the elimination of trade barriers, will be beneficial for developed and developing economies alike.
- Certification procedures, standards, tariff code classification, if improperly implemented, might serve as non-tariff barriers (NTBs) in the IT/electronics sector. Such NTBs can be addressed in WTO/NAMA as well as in APEC. MAG may work together with other APEC fora responsible for regulations such as standards and conformance to effectively address issues of such NTBs.
- It is important for the government to facilitate the rapid development in the sector and not to interfere in the development of the industry. A close communications and coordination

between government and industry is essential.

- Convergence of information, telecommunications, and consumer electronics technologies has broadened the range of the IT sector, with the result that many products now fall outside the scope of the original Information Technology Agreement (ITA) products list. Liberalization on a wider range of products especially on those which have come onto the market since the ITA was concluded in 1996, is urgently required. This can be addressed in WTO/NAMA.
- The industry presenters stressed the urgent need for governments to work to eliminate tariff and non-tariff barriers in order to continue the global growth, evolution of the IT/electronics industry, and deployment of technology.
- APEC economies account for over 80% of world exports of electronics/electrical products, while their imports of those products account for over 75%. These figures suggest that APEC should be responsible for taking the lead in negotiations towards trade liberalization and facilitation of these products.
- APEC has specifically worked to develop the IT/electronics industry. Endorsement by APEC Ministers of the ITA in 1996 and three IT products identified by MAG last year are just a few examples of APEC's support for the WTO.
- Given that APEC economies have particularly benefited from the development of the IT/Electronics industry, and with APEC's long track record of working with and supporting the WTO, APEC members are encouraged to participate in WTO negotiations on tariff and non-tariff barriers in the electronics/electrical sector. *Tariff Elimination in the Electronics/Electrical Sector (TN/MA/W/59)*, prepared for NAMA negotiations, may be a good starting point for consideration by APEC members.
- WTO negotiations on liberalization in the electronics/electrical sector may require consideration of different levels of development and interests among members. Possible options include "critical mass" approach, and special and differential treatment.
- As the *Statement to Implement APEC Policies on Trade and the Digital Economy* requests, APEC member participation in the ITA will further contribute to the expansion of trade in IT/electronics products.
- Interaction among APEC officials, WTO officials, and industry experts needs to be strengthened so that both APEC and the WTO can respond to the business interests in a timely manner.
- Thanks to participation by business representatives, government officials responsible for WTO and IT/electronics industry, the seminar proved effective in capacity-building and raising awareness among APEC government officials. Holding similar seminars may enable MAG members to deepen their understanding of specific issues in other areas, too.