

SEEKING GREATER MARKET ACCESS

FOR CONSUMER ELECTRONICS PRODUCTS

CEA POSITION: The consumer electronics industry is a global industry that relies on a multinational effort to achieve research, development, design, sourcing, production, testing, packaging and distribution of its products. As a consequence, CEA supports free trade and has strongly advocated on behalf of greater market access through the elimination of tariff and non-tariff barriers.

BACKGROUND: Combined, CEA's members account for more than \$125 billion in annual sales. The Information Technology Agreement (ITA), an agreement among willing countries in the World Trade Organization (WTO), allows many IT products such as computers to be tariff free, including the products of some of many of our members. However, the ITA is currently under threat by some members of the ITA who are looking to reclassify product which is already covered by the agreement, putting product such as digital cameras, set-top boxes and cell phones at risk of once again facing prohibitive tariffs.

CEA EVALUATION:

- ***Multilateral Forums for Market Access***

The WTO Doha Development Round, which began in 2001, is a vast multilateral effort to achieve a global trade agreement that lowers barriers to trade around the world, with a particular focus on making trade fairer for developing countries. Due to impasses in difficult sectors like agriculture, the Doha Round is at a near halt. While CEA stands ready to assist in any way possible to reinvigorate the Doha process, in the meantime, we are working with other technology associations and companies around the globe to highlight industry concerns and priorities in negotiating platforms outside of the Doha Round. In particular, we are looking to the Asia-Pacific Economic Cooperation (APEC) as a multilateral, high-level springboard to educate U.S. and foreign negotiators on the priorities of the consumer electronics industry.

- ***The Information Technology Committee of the WTO***

Despite disappointment with the WTO Doha Development Round, the work CEA contributed to the multilateral negotiations can continue through the standing committee on the Information Technology Agreement. This committee is charged with enforcing the rules of the ITA, which includes mechanisms for expanding country membership and product coverage. It is through this mechanism that CEA is focusing on maintenance of the ITA – to ensure that member countries may not unilaterally reclassify certain products into dutiable categories. Moreover, the committee has been examining ways in which the WTO can begin to address non-tariff barriers (such as standards and conformity assessment rules that prejudice non-domestic products). CEA will continue to be active in the ITA to ensure product coverage maintenance remains a priority, and we will take this argument outside the ITA to platforms like the APEC to highlight its importance.

- ***Free Trade Agreements***

CEA has approached regional and bilateral free trade agreements from two directions. First, we have sought to streamline existing agreements in order to make them more effective for our members. For example, in 2005 we advocated on behalf of the streamlining of the NAFTA Rules of Origin on flat panel televisions which effectively eliminated a five percent tariff on flat panel televisions coming from Mexico. We continue to look for such opportunities. Second, we have submitted extensive comments to USTR in support of on-going negotiations with South Korea and Malaysia, and have advocated on behalf of speedy passage of permanent normal trade relations with Vietnam. We will continue to keep members apprised of the status of FTA negotiations and stand ready to engage in advocacy either to add trading partners to the FTA negotiation list that have market value to the CE industry; or to ensure that the agreements themselves have provisions that are important to CE.

OUTLOOK: Although the timely conclusion of the WTO Doha Development Round appears quite remote, the WTO remains a hot-spot for the CE industry due to the ITA committee and efforts there to reclassify product covered under that agreement. Therefore, CEA will continue to be actively involved in the WTO process, as well as intensifying efforts for our industry in other trade negotiating and facilitating fora.

For more information, please contact CEA at publicpolicy@CE.org or visit www.CE.org/governmentaffairs.