

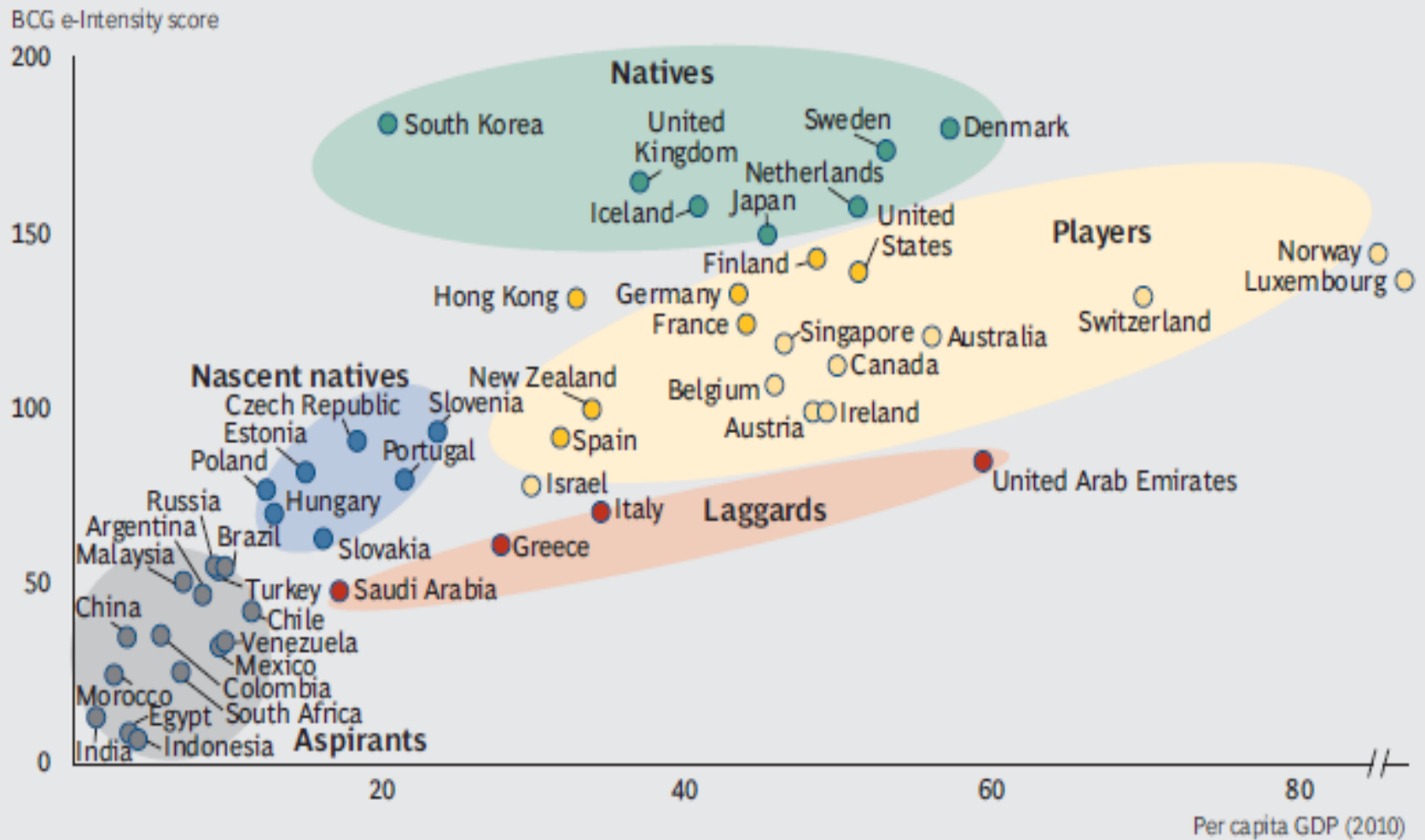
**World Electronics Forum  
2012  
Cebu, Philippines**

**Benefits of Tariff  
Eliminating Expansion  
of the Information  
Technology Agreement  
(ITA)**

# ITA Overview

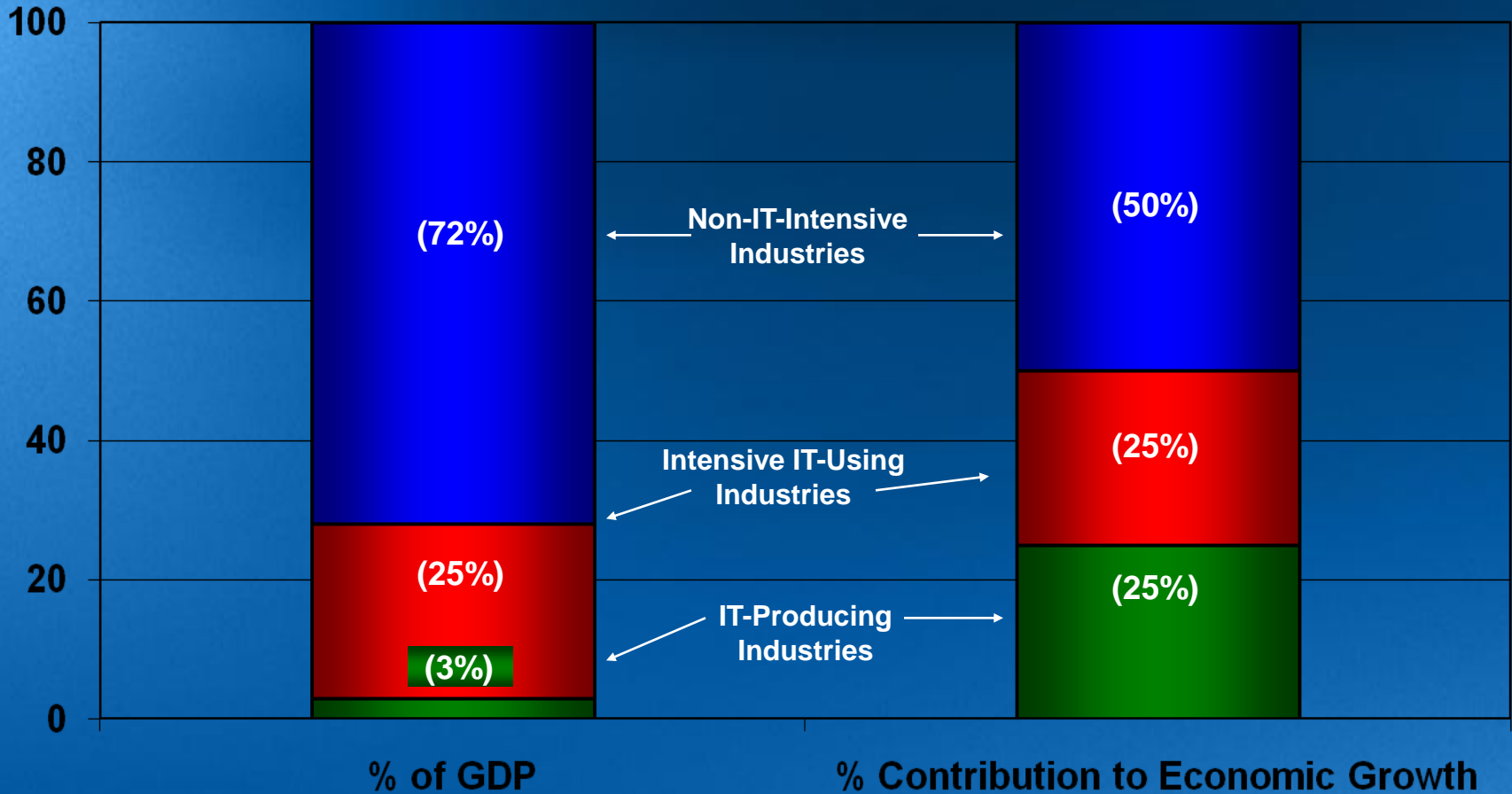
- **From 1996 to 2008, total global ICT trade has risen >10% per year, from \$1.2 to \$4 trillion**
- **By lowering ICT prices, the ITA has**
  - **enabled broad use of ICT, and**
  - **empowered the global economy**
- **ITA expansion is expected to affect an additional \$400 Billion in ICT trade\***
  - **Thus enlarging the global GDP by \$190 billion**
  - **Missing products include new ICT like multichip ICs, core ICT such as DRAMs, and consumer ICT like audio speakers, DVD players, video cameras, etc.**
  - **Missing countries include Brazil, Mexico, Chile, S. Africa**

## EXHIBIT 2 | Internet Prowess Correlates with Economic Strength



Sources: ComScore; Economist Intelligence Unit; Euromonitor International; Gartner; International Monetary Fund; ITU; Magnaglobal; Ovum; Pyramid Research; Speedtest.net; United Nations; World Bank; World Economic Forum; BCG analysis.

# IT producing industries spur growth



*IT Producing Industries are: Semiconductors, Computers, Communications, and Software.*

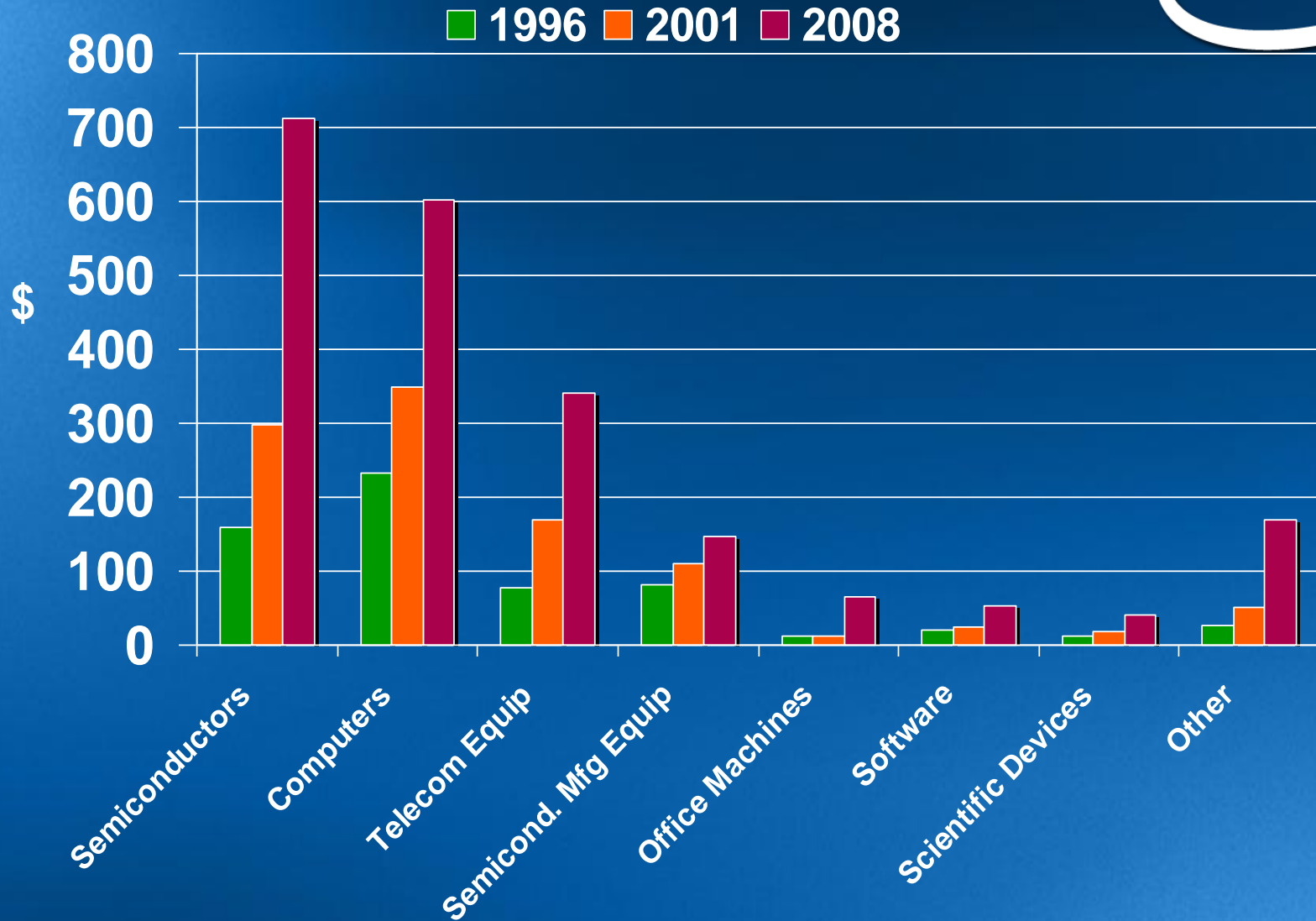
# ITA Benefits to Economy



**Expanding the ITA will increase these benefits**

# World Imports of ITA Products

(\$ in billions)



Source: Michael Anderson and Jacob Mohs, "The Information Technology Agreement: An Assessment of World Trade in Information Technology Products," U.S. International Trade Commission, January 2010, page 23.



# Semiconductor Demand Drivers: 2011 Growth

## Smartphones and Tablets Drive Convergence

Percent of Semiconductor \$ Demand



**Smartphone Shipments**  
**+63% (units)**  
 Smartphone shipments overtook PC shipments in 2011


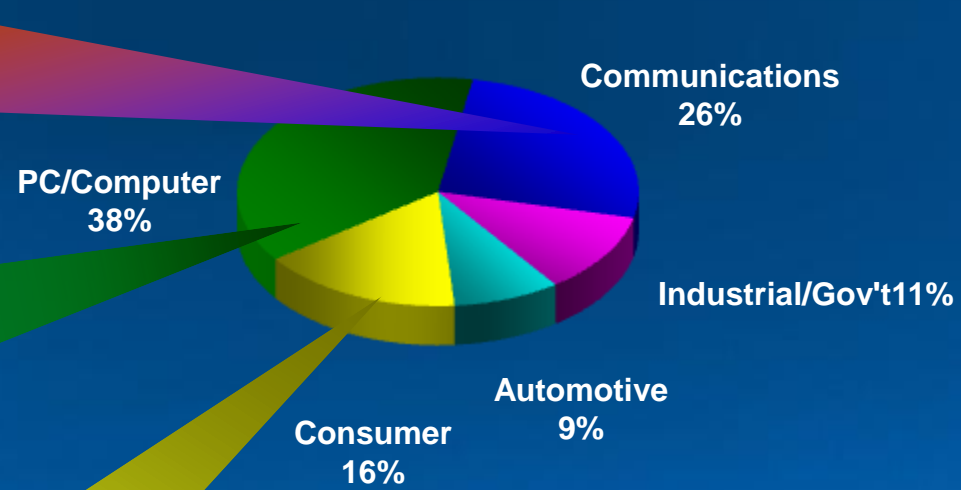


**PC Shipments +0.5% (Units)**  
 Consumer shift away from traditional concept storage devices

**Tablets**  
**+254% (Units)**  
 2010: 19.4M Units  
 2011: 68.7M Units



**LCD TV +7% (Units)**  
 10% of LCD TV panels were 3D Capable in 2011

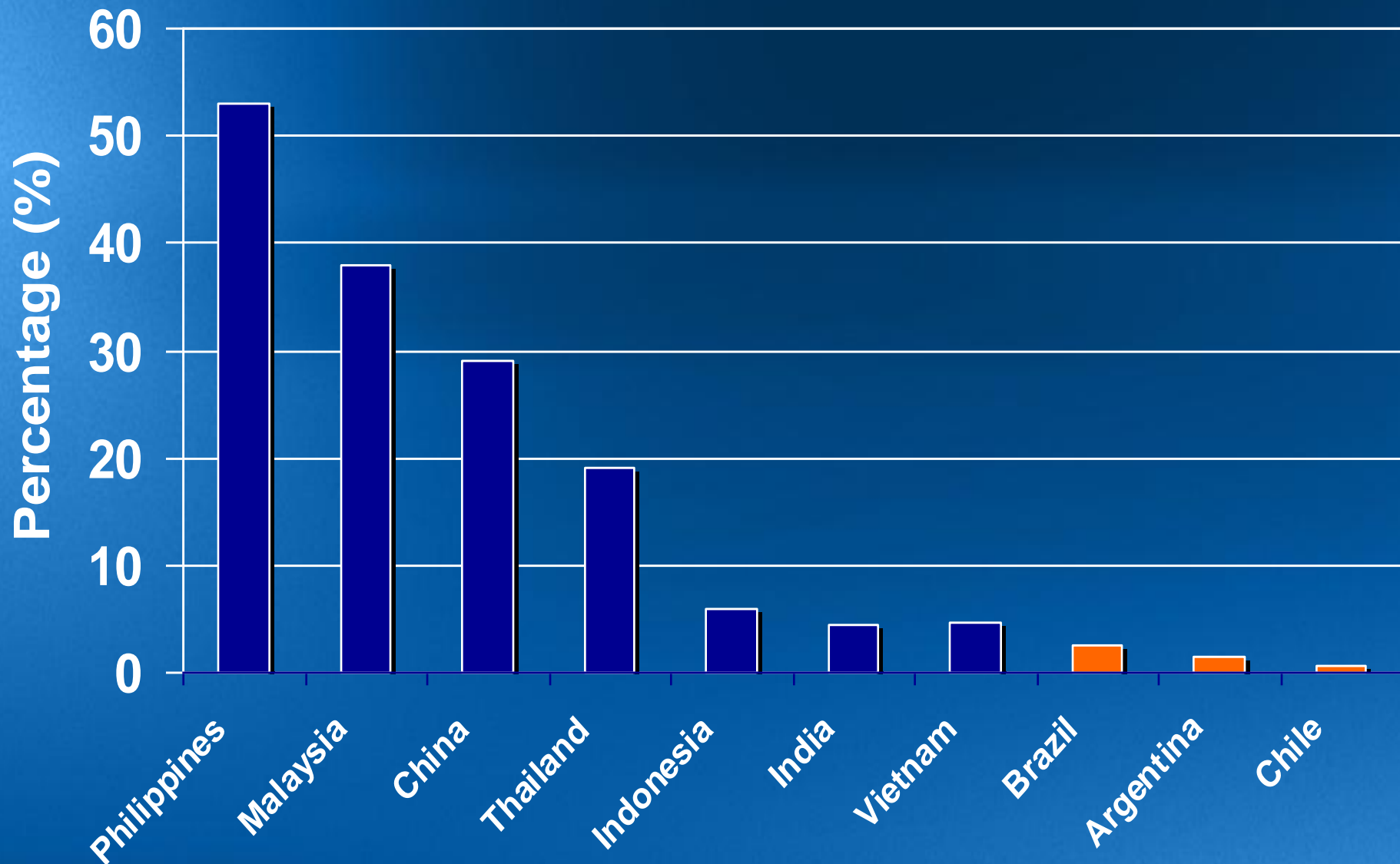
**2011 Total Worldwide Semiconductor Market \$300B**

Sources: WSTS/ Gartner/Canalys/IDC/DisplaySearch  
 Note: Military is <1% and is included in Industrial.

# **ITA's Benefits to Asian Economies**

- **By lowering the price of a key input, the ITA has helped an emerging ICT software and services industries in India, Indonesia, Malaysia, Philippines**
- **The ITA has empowered a global ICT supply chain, much it now located in Asia**
- **ITA membership is associated with stronger ICT exports (see graph next slide)**
  - From 1996 to 2008, developing country ITA exports expanded at 33.6% per year
  - E.g., exports of ICT = 54% of Philippines total goods exports, 38% of Malaysia's, and 20% of Thailand's



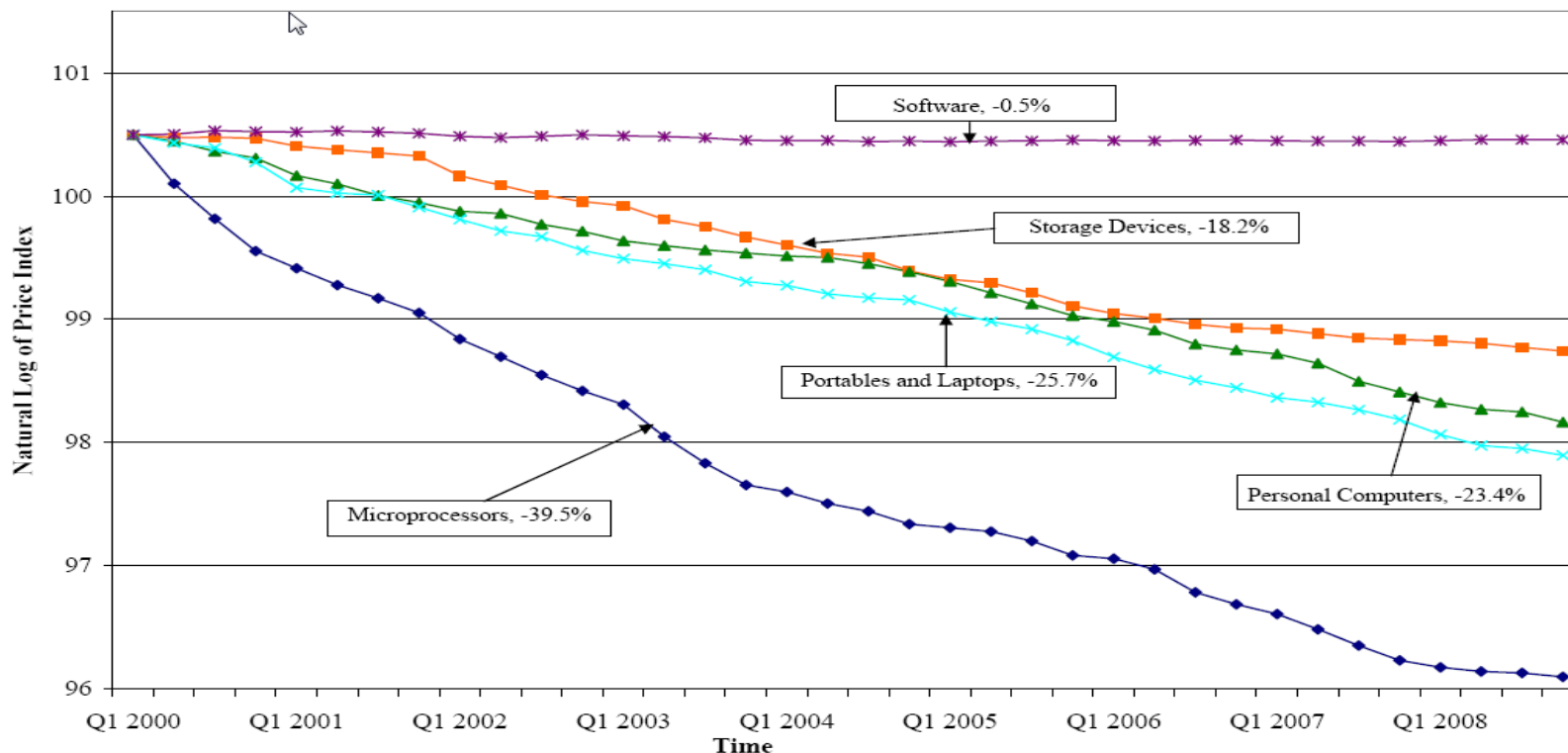


ICT Goods Exports as Percentage of Total Goods Exports, 2009 (Source: ITIF 03/2012)

Note: ITA members are in blue; Non-ITA members are depicted in orange.

# Quality Adjusted Prices for Selected IT Products (2000-2008)

Producer Price Indexes  
Q1 2000 - Q4 2008



Notes: All price index series are normalized to the same value in Q1 2000 and measured in natural log units. The figure in the box reports the annualized compounded quarterly rate of price change from Q1 2000 to Q4 2008 in percent per year. Data are not seasonally adjusted. Data for Q3 and Q4 2008 are preliminary.

Sources: U.S. Bureau of Labor Statistics producer price index, series identification numbers PCU33441333441312 (Microprocessors), PCU3341123341121 (Computer Storage Devices), PCU33411133411173 (Personal Computers), PCU33411133411172 (Portables and Laptops), and PCU511210511210 (Software).  
<http://data.bls.gov/cgi-bin/dsrv?pc>, accessed on January 20, 2009.

## **Philippines ICT Trade**

On average from 2007 to 2010, the Philippines exported \$15.6 billion in information and communication technologies (ICT). The Philippines' exports of ICT products increased by 14.0 percent from 2007 to 2010.

ICT exports accounted for 51 percent of all of the Philippines' industrial goods exports on average from 2007 to 2010.

Expansion of duty-free treatment of products under the WTO Information Technology Agreement (ITA) would affect millions in the Philippines' ICT exports.

The Philippines' top exports of ICT goods that could benefit from new or additional inclusion in an expanded WTO ITA include:

- Instruments for automatically controlling the flow of gas or electricity
- Electrical apparatuses for switching, protecting, or connecting to electrical circuits
- Select antenna components
- Radio remote control equipment

## **Indonesia ICT Trade**

• On average from 2007 to 2010, the Indonesia exported \$6.1 billion in information and communication technologies (ICT). Indonesia's exports of ICT products increased by 21.1 percent from 2007 to 2010.

• ICT exports accounted for 6.2 percent of all of Indonesia's industrial goods exports on average from 2007 to 2010.

• Expansion of duty-free treatment of products under the WTO Information Technology Agreement (ITA) would affect billions in Indonesia's ICT exports.

• Indonesia's top exports of ICT goods that could benefit from new or additional inclusion in an expanded WTO ITA include:

- Video recording devices
- Radiobroadcast receivers
- High-voltage electric conductors
- Electro-diagnostic medical devices

## **Malaysia ICT Trade**

• On average from 2007 to 2010, Malaysia exported \$61.1 billion in information and communication technologies (ICT). Malaysia's exports of ICT products increased by 72.8 percent from 2007 to 2010.

• ICT exports accounted for 42.6 percent of all of Malaysia's industrial goods exports on average from 2007 to 2010.

• Expansion of duty-free treatment of products under the WTO Information Technology Agreement (ITA) would affect billions in Malaysia's ICT exports.

### **Singapore ICT Trade**

- On average from 2007 to 2010, Singapore exported \$141 billion in information and communication technologies (ICT). Singapore's exports of ICT products increased by 8.7 percent from 2007 to 2010.
- ICT exports accounted for 49.0 percent of all of Singapore's industrial goods exports on average from 2007 to 2010.
- Expansion of duty-free treatment of products under the WTO Information Technology Agreement (ITA) would affect billions in Singapore's ICT exports.
- Singapore's top exports of ICT goods that could benefit from new or additional inclusion in an expanded WTO ITA include:
  - Electric control panels
  - Television reception devices
  - Video Games
  - Instruments for automatically controlling the flow of gas or electricity
  - Select antennas

### **Thailand ICT Trade**

- On average from 2007 to 2010, Thailand exported \$42 billion in information and communication technologies (ICT). Thailand's exports of ICT products increased by 15.5 percent from 2007 to 2010.
- ICT exports accounted for 28 percent of all of Thailand's industrial goods exports on average from 2007 to 2010.
- Expansion of duty-free treatment of products under the WTO Information Technology Agreement (ITA) would affect billions in Thailand's ICT exports.
- Thailand's top exports of ICT goods that could benefit from new or additional inclusion in an expanded WTO ITA include:
  - Television reception apparatus
  - Digital Cameras and Recorders, and Lenses
  - Select parts for antennas
  - Color Television Monitors
  - Multifunction copiers, printers, fax machines

### **Vietnam ICT Trade**

- On average from 2007 to 2009, Vietnam exported \$4.1 billion in information and communication technologies (ICT). Vietnam's exports of ICT products increased by 76.9 percent from 2007 to 2009.
- ICT exports accounted for 8.6 percent of all of Vietnam's industrial goods exports on average from 2007 to 2009.
- Expansion of duty-free treatment of products under the WTO Information Technology Agreement (ITA) would affect millions in Vietnam's ICT exports.
- Vietnam's top exports of ICT goods that could benefit from new or additional inclusion in an expanded WTO ITA include:
  - High-voltage electric conductors
  - Electric sound and visual signaling apparatuses
  - Lenses, prisms, mirrors, and other components of optical equipment
  - Select antenna components

# Conclusion

- **ICT Industries are highly competitive, which has driven the continual innovations that have enabled the best technologies to be delivered to consumers at the lowest possible prices**
- **Tariffs impede such competition and reduce the pace of innovation while raising costs to consumers**
- **The success of the ITA is well documented; increasing its coverage and enlarging membership will enable those benefits to multiply even more across the globe.**



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