



May 10, 2001

Ms. Gloria Blue
Executive Secretary, Trade Policy Staff Committee
Office of the United States Trade Representative
600 17th Street, N.W., Room 122
Washington, D.C. 20508

RE: Preparations for the WTO Ministerial Conference in Doha

Dear Ms. Blue:

Thank you for providing the Telecommunications Industry Association (TIA) with an opportunity to provide input to the United States Trade Representative (USTR) regarding U.S. objectives for the upcoming WTO Ministerial conference in Doha, Qatar.

TIA is the leading trade association serving the communications and information technology industry, with proven strengths in market development, trade shows, domestic and international advocacy, standards development and e-commerce. Through its worldwide activities, the association facilitates business development opportunities and a competitive market environment. The association represents more than 1,100 member companies that manufacture or supply the products and services used in global communications.

Outlined below are issues that are of importance to our member companies. We hope that as the U.S. Government prepares for the Doha conference and possibly a new round of negotiations in the World Trade Organization (WTO), these topics will be considered priority areas.

Conformity Assessment

One of the most challenging barriers facing our members in doing business in other countries is the difficulty in getting products approved or certified for sale and use in the marketplace. These requirements—which are often duplicative and, in many cases, unnecessary—increase the cost to users and delay the availability of products in a large number of markets. TIA has long supported the development of mutual recognition agreements (MRAs) for conformity assessment, whose purpose is to decrease costs and time delays in exporting, while ensuring safety and reliability to consumers. Over the longer term, we support Supplier's Declaration of Conformity (SDOC) as proof of compliance to technical regulatory requirements and as a means of replacing the current patchwork of certification systems.

The diversity of approval regimes for IT equipment (including the complete absence of regulation in some countries) makes it unclear whether broad regional agreements or a single agreement on conformity assessment could be developed to adequately address processes for meeting technical requirements globally. TIA encourages the U.S. Government to explore options that will reduce the regulatory trade barriers related to conformity assessment that are keeping U.S. products out, while discouraging free trading countries from establishing restrictions if none is currently in place.

Standards and Technical Barriers to Trade

The use of standards and technical regulations (and conformity assessment, as discussed above) should not be used as technical barriers to trade. Many governments have ill-defined and complex regulations in these areas, and the U.S. Government should work to ensure that standards and other technical issues are not used as obstacles to the timely, cost-effective importation of communications products.

TIA has adopted a market-oriented policy position with respect to standards, and advocates letting the market decide which standards are winners and losers for specific products. In particular, TIA firmly believes that the decision regarding which standard/technology is to be used in a wireless network should be made exclusively by the operator of the network based completely on commercial considerations. TIA believes that governments or other non-commercial factors should not influence an operator's choice regarding which technology would best suit the needs of its customers. TIA is concerned that governmental interference in this process in markets around the world may greatly reduce the market opportunities for U.S. suppliers. TIA believes that given an open, competitive environment, U.S. suppliers will be able to compete successfully.

TIA urges USTR to actively engage countries around the world on this matter in a manner consistent with U.S. trade policy, which promotes U.S. exports and which stimulates U.S. employment.

Import Duties

Another key area of concern for TIA is the reduction of import tariffs. Import duties, like other market access barriers, distort trade flows and increase costs to the economy at large. Because telecommunications products enable the establishment of an infrastructure for overall economic growth, the cost to society is even greater.

A strong supporter of the original Information Technology Agreement (ITA), TIA has continued to advocate for this valuable trade initiative. TIA remains concerned that several major players in the global economy, WTO members in particular, have not joined the United States, the European Union, Japan, India, and others in signing on to the ITA. Some countries – large and important markets – continue to maintain their own high tariff rates while benefiting from the elimination of tariffs in other markets, taking advantage of the fact that the ITA is a voluntary

agreement. Given the importance of import duty elimination in the IT sector, the United States Government should push for making the ITA binding on all WTO members during the next Round of WTO negotiations.

In its WTO accession package, China has offered to join the ITA, offering a tariff elimination schedule that is consistent with TIA's expectations. The U. S. Government should work with U.S. industry and the Chinese government to ensure that China has the tools it needs to successfully implement this schedule once it officially joins the WTO.

Customs Procedures and Rules of Origin

There should be consistency in import clearance procedures, including valuation, used throughout the WTO countries. There should also be a consistent and standardized approach in determining the origin, marking and labeling requirements of communications products. The standardization of these processes -- including as they affect software -- would benefit TIA member companies by expediting import clearances, reducing cycle time globally, and offering some predictability in how products are valued for Customs purposes. TIA encourages the U.S. Government to promote a consistent and standardized approach to the development of customs procedures and rules.

Government Procurement

Government markets are important to TIA members. However, many countries have not undertaken international commitments to create transparent, nondiscriminatory government purchasing practices. Transparency is key to enabling non-traditional suppliers to learn of potential sales opportunities and any preferences provided to competitors. Ultimately, full and open access to government markets is the goal. TIA believes that the U.S. Government should have two distinct objectives: (1) making procurement by government-owned (partially or completely) telecommunications companies open, transparent, and nondiscriminatory and (2) eliminating government interference in the procurement practices of privately-owned telecommunications companies.

Telecommunications Services

Vendors and operators are transforming themselves from voice-centric, circuit-switched providers of product to data-centric, IP-based providers. Large operators have already begun investing in upgrading their networks to an "all IP" architecture. These systems will deliver converged voice/data/multi-media services. Given the predominance of data/multi-media characteristics rather than voice, the application of the traditional telephony regulatory framework must be reconsidered. TIA's view is that current telecommunications regulatory frameworks are ill suited for the Internet. TIA urges the U.S. Government to strongly resist the creation of new regulatory barriers with regard to the Internet. Further, TIA urges USTR to advocate that WTO members avoid applying traditional telecommunications regulatory models to converged services.

At the same time, TIA has been a strong supporter of the telecommunications annex of the WTO General Agreement on Trade in Services (GATS), and the complementary Reference Paper. TIA urges the U.S. Government to continue to treat the implementation of the agreement a high priority. As services once again are considered in the WTO, TIA recommends that the U.S. Government focus on the following with regard to telecommunications:

- Advocating broader market access commitments from signatories who have made limited commitments in the past;
- Encouraging signatories to commit to the earliest possible implementation dates;
- Encouraging administrations to adopt the Reference Paper;
- Advocating for reduced foreign ownership restrictions; and,
- Garnering commitments from additional countries.

Market Access

With respect to market access, the countries of particular concern to TIA include those with large internal markets with specific policies in place that protect local telecommunications suppliers. TIA staff will be glad to discuss specific markets with you if you would like more details about market access problems that U.S. companies face. General examples of policies and regulations that obstruct market access include: limitations on the number of equipment suppliers in a market; legal and informal cartels among certain suppliers; in-country manufacturing and/or domestic content requirements; buy-national policies or local preference advantages; local company joint venture requirements; and non-transparent or complicated conformity assessment or standards requirements.

USTR should continue to work toward increased global market access for U.S. goods and services. This is especially important for information technology and telecommunications goods and services, as these form the basic infrastructure for global electronic commerce.

Global Electronic Commerce

Global electronic commerce holds out the promise of bringing economies closer together and allowing developed and developing countries alike to maximize their economic potential. But, global electronic commerce is in a tenuous formative stage. Inappropriate government regulation can constrict the development of electronic commerce and can stifle an opportunity to commercially link countries of the world in unprecedented ways. TIA applauds the May 1998 WTO action to not impose customs duties on electronic commerce and encourages the WTO to take up the challenge of conducting negotiations that establish trading guidelines and promote national and international norms that limit government interference in this new global endeavor.

In particular, TIA believes that the development of global electronic commerce should be driven by the private sector. The role of the government should be one of enabling. In other words, the government should promote regulatory policies that encourage competition in underlying technology and network development. Additionally, the United States should resist efforts to treat all digitally delivered products as services.

TIA supports the language regarding electronic commerce in the U.S.-Jordan Free Trade Agreement.

Conclusions

Barriers to trade in telecommunications equipment and services continue to exist in many countries. These barriers are restricting the ability of U.S. suppliers to export. Furthermore, they are slowing the development of the world's information infrastructure and global electronic commerce. The WTO has a clear role to play in eliminating the barriers to trade in information technology and telecommunications goods and services to set the stage for a new paradigm of global commerce.

Once again, thank you for the opportunity to share our views on activities to be taken up in the WTO. If you have any questions related to this submission or if there are other ways we can assist you, please do not hesitate to contact Mr. Jason Leuck, Director of International Affairs for TIA, at (202) 383-1493.

Sincerely,

A handwritten signature in black ink, appearing to read "Grant Seiffert". The signature is fluid and cursive, with the first name "Grant" and last name "Seiffert" clearly distinguishable.

Grant Seiffert
Vice President, External Affairs and Global Policy