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European Semiconductor Industry Association

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Brussels, 28 November 2013

The Honourable Ma Kai
Vice Premier
People's Republic of China

Dear Vice Premier,

The European business community regrets the suspension of the negotiations on the expansion of the Information Technology Agreement at this very last moment on the eve of the World Trade Organisation Ministerial Conference taking place in December in Bali.

ITA expansion lies at the heart of the global ICT industry, but its importance extends beyond this sector and will impact the global trade landscape. With an estimated value of over EUR 1 trillion of annual world trade, the expanded ITA would be the most valuable agreement concluded in the WTO for over 15 years. Furthermore, a successful and swift conclusion of the ITA negotiations is crucial to the health of the multilateral trading system. An open market for ICT products can increase not only productivity and innovation in traditional sectors of an economy, but also spur the creation of completely new business sectors, thereby generating economic growth and creating jobs. Access to the newest technologies facilitated by trade is also contributing to a higher standard of living on a global scale.

In the same vein that we have encouraged other negotiating parties, we kindly request the Government of China to substantially reduce the number of ICT products it proposes to remove from the scope of the ITA and enable a rapid conclusion of the negotiations, in a way that is consistent with China's position as the largest world exporter of ICT products. Constructive compromises, in the spirit of balanced giving and taking, are needed to achieve a commercially significant outcome, which would bring concrete benefits to the EU and China alike, strengthening their market position and reinforcing their leadership in world trade.

According to our calculations, in the products presented as sensitive, China currently enjoys a trade surplus of USD 49 bn annually, and exports about RMB 1.41 for every

RMB 1 it imports. Products marked as sensitive by China represent 48% of the value of the expansion package considered.

Important progress has been made already and an agreement is now within reach. We hope that the remaining stumbling blocks that currently undermine the advancement of the ITA talks will be successfully addressed to achieve the ambitious, comprehensive agreement that was originally contemplated and that would benefit all parties.

Yours faithfully,

Markus J. Beyrer
Director General
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