World Trade Organization's Information Technology Agreement (ITA)

Why in news?

India lost the WTO dispute on customs duties on mobile phones and other IT products due to the IT Pact.

What is WTO's IT agreement (ITA)?

- ITA was concluded by 29 participants at the Singapore ministerial conference in December 1996 by WTO.
- The main proponents of the ITA included the European Union (EU), Hong Kong, Japan, Korea, Singapore, Thailand and the US.
- Number of participants increased to 82 including India which represents 97% of the world trade in IT products.
- The participants are committed to completely eliminating tariffs on IT products.
- At the Nairobi ministerial conference (2015) over 50 members concluded the expansion of the agreement which now covers an additional 201 products valued at USD 1.3 trillion per year.

What are the Pros of India's membership in ITA?

- Reduced customs duties for the IT products produced by Indian producers.
- Strengthening of the global information technology infrastructure would be generally beneficial and therefore safeguards the interests of Indian domestic producers.
- The competitiveness of the IT hardware manufacturers have increased.

What are the Cons of India's membership in ITA?

- **China** - The real gainer from that agreement has been China which raised its global market share from 2% to 14% between 2000-2011.
- **Benefited countries** - Countries with strong technology and manufacturing base stood to benefit from the IT agreement which India did not.
- **IT hardware** - Took a massive hit and Trade in Value Added (TiVA) was declined.
- **India's domestic producers of computer, electronics and optical products** - Their share in total demand of these products in the country decreased from 70% in 1995 to around 45% in 2011.
- **IT industry** - India's experience with the ITA has been most discouraging, which almost wiped out the IT industry from India.

What is the way forward?

- India in the future talks with the free trade agreements should be to choose an option

that preserves the policy flexibility of the government to support its domestic producers to the maximum possible extent.
- India negotiators should demand the necessary information to take a correct decision to avoid any mistakes.
- Indian negotiators should demand necessary policy tools through trade agreements for supporting domestic producers, especially in new and emerging areas.

Quick facts

Department of commerce (DOC)
• DOC formulates, implements and monitors the ***Foreign Trade Policy (FTP)*** which provides the basic framework and strategy to be followed. • DOC comes under Ministry Of Commerce And Industry. • DOC is headed by a Secretary who is assisted by Special Secretary & Financial Advisor. • The medium term vision is to achieve ***2 Trillion USD in exports*** of goods and services by 2027-28 with a long-term objective of doubling India's share in global trade. • Department is also entrusted with responsibilities relating to - Multilateral and bilateral commercial relations, - Special Economic Zones, - State trading, - Export promotion and trade facilitation, and - Development and regulation of certain export-oriented industries and commodities.

Reference

1. The Hindu Business Line | WTO's ITA

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