

January 19, 2011

Ambassador Ronald Kirk
United States Trade Representative
Office of the U.S. Trade Representative
600 17th Street, N.W.
Washington, DC 20508

Dear Ambassador Kirk:

We are writing to express our deep gratitude for the great work you and your team at USTR have done to protect the integrity of the Information Technology Agreement (ITA). We also want to offer our strong support for your recent statement on the margins of the International Consumer Electronics Show about exploring ways to build on that agreement. In fact, we would very much like to collaborate to take forward an ambitious new tariff-reduction initiative to significantly expand product coverage of the ITA, which we regard as one of the most meaningful and successful trade agreements in the World Trade Organization (WTO).

From 1996 to 2008, total ITA product trade has increased more than 10 percent annually, from \$1.2 trillion to \$4.0 trillion. In the process, the ITA has helped drive innovation, accelerate productivity, increase employment, create more efficient markets, and bridge communities across the globe in ways unimagined 15 years ago.

Yet while the information and communications technology (ICT) sector has exploded with new and improved products since the ITA came into force, the product scope of the agreement has never been expanded. Moreover, some ITA members have been trying to chip away at the ITA by attempting to remove products from coverage simply because they have been improved upon with increased functionality – essentially penalizing innovation.

We are in full agreement with you that the time is right to build on the ITA. The dispute-settlement case USTR (together with Japan and Taiwan) skillfully and successfully brought against the European Union (EU) has demonstrated the agreement is both flexible and resilient. It has also cleared the way to turn to expanding the product scope of the ITA and to make it an even more effective instrument to spur ICT trade liberalization, growth, and innovation.

Expansion would yield immediate and substantial benefits. We have done preliminary estimates and found an expanded ITA would completely remove tariffs on an additional \$800 billion in ICT trade globally, a 20 percent increase over the \$4 trillion now covered annually. In terms of U.S. trade, we estimate an additional \$122 billion in total U.S. ICT trade would be affected, driving increased U.S. exports in support of the President's National Export Initiative.

Equally important, expansion would go far towards eliminating uncertainty that arises as convergence in the ICT industry continues to advance. With dramatic innovations underway that often bring many technology functions into one product, questions of convergence will only multiply.

While we recognize the negotiations would occur in Geneva, we would also suggest that building political will among our trading partners to expand the ITA could be bolstered through APEC, which, as you know, the United States is hosting this year. APEC's outspoken support for the ITA at the 1996 Leaders' Meeting was instrumental to the agreement's successful conclusion in the WTO. This year, ITA expansion would complement one of APEC's themes for 2011 -- innovation and ICT usage.

To be sure, we urge you to remain vigilant in your efforts to ensure EU implementation of the ITA dispute-settlement case is meaningful and swift. At the same time, the U.S. high-tech industry feels strongly the time has come to take the next big step in promoting trade in ICT products.

The benefits of this bold undertaking would be significant and sweeping. We are deeply committed to working with you to advance such an initiative, which will expand exports, increase American jobs, spur innovation, and promote growth both at home and abroad.

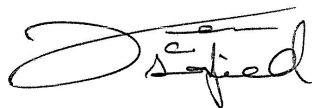
Sincerely,



Robert W. Holleyman
President and CEO
Business Software Alliance



Gary Shapiro
President and CEO
Consumer Electronics Association



Dean C. Garfield
President and CEO
Information Technology Industry Council



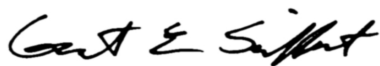
Brian C. Toohey
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TechAmerica



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