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PROPOSAL

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	8 March 2016
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2016) 122 final - ANNEX 1
Subject:	ANNEX to the Proposal for a Council Decision on the conclusion, on behalf of the European Union, of an agreement in the form of a Declaration on the expansion of Trade in Information Technology Products (ITA)

Delegations will find attached document COM(2016) 122 final - ANNEX 1.

Encl.: COM(2016) 122 final - ANNEX 1



Brussels, 8.3.2016
COM(2016) 122 final

ANNEX 1

ANNEX

to the

Proposal for a Council Decision

**on the conclusion, on behalf of the European Union, of an agreement in the form of a
Declaration on the expansion of Trade in Information Technology Products (ITA)**

ATTACHMENT

DECLARATION ON THE EXPANSION OF TRADE IN INFORMATION TECHNOLOGY PRODUCTS

The following Members of the World Trade Organization ("WTO") which have agreed on the expansion of world trade in information technology products ("parties").

Albania	Malaysia
Australia	Montenegro
Canada	New Zealand
China	Norway
Costa Rica	Philippines
European Union	Singapore
Guatemala	Switzerland ¹
Hong Kong, China	Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu
Iceland	Thailand
Israel	United States
Japan	
Korea	

Declare as follows:

1. Each party shall bind and eliminate customs duties and other duties and charges of any kind, within the meaning of Article II:1(b) of the General Agreement on Tariffs and Trade 1994, as set forth below, with respect to the following:
 - (a) all products classified with Harmonized System ("HS") 2007 sub-headings listed in Attachment A to this Declaration; and
 - (b) all products specified in Attachment B to this Declaration, whether or not they are included in Attachment A.

Staging

2. The parties shall apply three year staging in four equal annual reductions of customs duties, beginning in 2016 and concluding in 2019, as standard staging, unless otherwise agreed by the parties, recognizing that extended staging of reductions may be necessary in limited circumstances. The reduced rate should in each stage be rounded off to the first decimal. Each party shall incorporate commitments on staging for each product into its Schedule of Concessions to the General Agreement on Tariffs and Trade 1994 ("Schedule of Concessions").

Implementation

¹ On behalf of the customs union of Switzerland and Lichtenstein.

3. Unless otherwise agreed by the parties, and subject to the completion of domestic procedural requirements, each party shall eliminate all customs duties and other duties and charges of any kind on products listed in the Attachments as follows:
 - (a) elimination of customs duties in equal steps, the first such rate reduction effective no later than 1 July 2016, the second such rate reduction no later than 1 July 2017, the third such rate reduction no later than 1 July 2018, and the elimination of customs duties shall be completed effective no later than 1 July 2019; and
 - (b) elimination of such other duties and charges of any kind, within the meaning of Article II:1(b) of the General Agreement on Tariffs and Trade, 1994, shall be completed by 1 July 2016.

Accelerated implementation

4. The parties encourage autonomous immediate elimination of customs duties or accelerated implementation prior to the dates set out in paragraph 3 above, for instance for products with relatively low customs duties.

Scheduling timeframe

5. As early as possible, and no later than 30 October 2015, each party shall provide all other parties with a draft schedule containing (a) the details concerning how the appropriate duty treatment shall be provided in its Schedule of Concessions and (b) a list of detailed HS subheadings involved for products specified in Attachment B, which shall also include a headnote stating that such products shall be provided duty-free treatment wherever they are classified in the HS. Each draft schedule shall be reviewed and approved by the parties on a consensus basis taking into account the concerns expressed by the parties in the negotiations. This review process should be completed no later than 4 December 2015.
6. After this review process has been completed for any such draft schedule of a party, that party shall submit its approved schedule, subject to the completion of domestic procedural requirements, as a modification to its Schedule of Concessions, in accordance with the Decision of 26 March 1980 on Procedures for Modification and Rectification of Schedules of Tariff Concessions (BISD 27S/25).
7. Each party shall implement paragraphs 3 and 6 of this Declaration once the parties review and approve on a consensus basis draft schedules that represent approximately 90 per cent of world trade² in the products covered by this Declaration.

Format of draft schedules of concessions

² To be calculated by the WTO Secretariat and communicated to the parties on the basis of the most recent data available.

8. In order to implement its binding and elimination of customs duties and other duties and charges of any kind on products listed in the Attachments, each party's modifications to its Schedule of Concessions shall:
- (a) in the case of products classified with HS 2007 subheadings listed in Attachment A, create, where appropriate, sub-divisions in its Schedule of Concessions at the national tariff line level; and
 - (b) in the case of the products specified in Attachment B, attach an annex to its Schedule of Concessions including all products in Attachment B, which is to specify the detailed tariff classification for those products at either the national tariff line level or the HS 6-digit level.

Acceptance

9. The Declaration shall be open for acceptance by all WTO Members. Acceptance shall be notified in writing to the WTO Director-General who shall communicate it to all parties.

Non-tariff barriers

10. The parties agree to intensify consultations concerning non-tariff barriers in the information technology sector. To this effect, the parties support the possible development of an upgraded work programme on non-tariff barriers.

Final considerations

11. Parties shall meet periodically, and at least one year prior to regular amendments to the Harmonized System nomenclature by the World Customs Organization, and no later than January 2018, to review the product coverage specified in the Attachments and consider whether, in the light of technological developments, experience in applying the tariff concessions, or changes to the HS nomenclature, the Attachments should be updated to incorporate additional products.
12. The parties recognize that the results of these negotiations involve concessions that should be taken into account in ongoing multilateral non-agricultural market access negotiations within the framework of the Doha Development Agenda.

Attachments to this Declaration:

- Attachment A lists the HS 2007 subheadings or parts thereof to be covered by this Declaration.
- Attachment B lists specific products to be covered by this Declaration wherever they are classified in the HS 2007.

ATTACHMENT A

Item	HS 2007	ex *	Product Description
001	350691	ex	Optically clear free-film adhesives and optically clear curable liquid adhesives of a kind used solely or principally for the manufacture of flat panel displays or touch-sensitive screen panels
002	370130		Other plates and film, with any side exceeding 255 mm
003	370199		Other
004	370590		Other
005	370790		Other
006	390799	ex	Thermoplastic liquid crystal aromatic polyester copolymers
007	841459	ex	Fans of a kind used solely or principally for cooling microprocessors, telecommunication apparatus, automatic data processing machines or units of automatic data processing machines
008	841950	ex	Heat exchange units made of fluoropolymers and with inlet and outlet tube bores with inside diameters measuring 3 cm or less
009	842010	ex	Roll laminators of a kind used solely or principally for the manufacture of printed circuit substrates or printed circuits
010	842129	ex	Liquid filtering or purifying machinery and apparatus made of fluoropolymers and with filter or purifier membrane thickness not exceeding 140 microns
011	842139	ex	Filtering or purifying machinery and apparatus for gases, with stainless steel housing, and with inlet and outlet tube bores with inside diameters not exceeding 1.3 cm
012	842199	ex	Parts of filtering or purifying machinery and apparatus for liquids, made of fluoropolymers and with filter or purifier membrane thickness not exceeding 140 microns; parts of filtering or purifying machinery and apparatus for gases, with stainless steel housing, and with inlet and outlet tube bores with inside diameters not exceeding 1.3 cm
013	842320	ex	Scales for continuous weighing of goods on conveyors using electronic means for gauging weights
014	842330	ex	Constant weight scales and scales for discharging a predetermined weight of material into a bag or container, including hopper scales, using electronic means for gauging weight

Item	HS 2007	ex *	Product Description
015	842381	ex	Other weighing machinery, having a maximum weighing capacity not exceeding 30 kg using electronic means for gauging weight
016	842382	ex	Other weighing machinery, having a maximum weighing capacity exceeding 30 kg but not exceeding 5,000 kg using electronic means for gauging weight, excluding machines for weighing motor vehicles
017	842389	ex	Other weighing machinery, having a maximum weighing capacity exceeding 5,000 kg using electronic means for gauging weight
018	842390	ex	Parts of weighing machinery using electronic means for gauging weight, excluding parts of machines for weighing motor vehicles
019	842489	ex	Mechanical appliances for projecting, dispersing, or spraying of a kind used solely or principally for the manufacture of printed circuits or printed circuit assemblies
020	842490	ex	Parts of mechanical appliances for projecting, dispersing, or spraying of a kind used solely or principally for the manufacture of printed circuits or printed circuit assemblies
021	844230		Machinery, apparatus, and equipment
022	844240		Parts of the foregoing machinery, apparatus or equipment
023	844250		Plates, cylinders and other printing components; plates, cylinders and lithographic stones, prepared for printing purposes (for example, planed, grained or polished)
024	844331		Machines which perform two or more of the functions of printing, copying or facsimile transmission, capable of connecting to an automatic data processing machine or to a network
025	844332		Other, capable of connecting to an automatic data processing machine or to a network
026	844339		Other
027	844391		Parts and accessories of printing machinery used for printing by means of plates, cylinders and other printing components of heading 84.42
028	844399		Other
029	845610	ex	Machine tools operated by laser or other light or photon beam processes of a kind used solely or principally for the manufacture of printed circuits, printed circuit assemblies, parts of heading 8517, or parts of automatic data processing machines

Item	HS 2007	ex *	Product Description
030	846693	ex	Parts and accessories of machine tools operated by laser or other light or photon beam processes of a kind used solely or principally for the manufacture of printed circuits, printed circuit assemblies, parts of heading 8517, or parts of automatic data processing machines; Parts and accessories of machine-tools operated by ultrasonic processes of a kind used solely or principally for the manufacture of printed circuits, printed circuit assemblies, parts of heading 8517, or parts of automatic data processing machines; Parts and accessories of machining centres of a kind used solely or principally for the manufacture of parts of heading 8517, or parts of automatic data processing machines; Parts and accessories of numerically controlled (other lathes) of a kind used solely or principally the manufacture of parts of heading 8517, or parts of automatic data processing machines; Parts and accessories of numerically controlled (other drilling) of a kind used solely or principally for the manufacture of parts of heading 8517, or parts of automatic data processing machines; Parts and accessories of numerically controlled (other milling machines) of a kind used solely or principally for the manufacture of parts of heading 8517, or parts of automatic data processing machines; Parts and accessories of sawing or cutting-off machines of a kind used solely or principally for the manufacture of parts of heading 8517, or parts of automatic data processing machines; Parts and accessories of machine-tools operated by electro-discharge processes of a kind used solely or principally for the manufacture of printed circuits, printed circuit assemblies, parts of heading 8517, or parts of automatic data processing machines
031	847210		Duplicating machines
032	847290		Other
033	847310		Parts and accessories of the machines of heading 8469
034	847340		Parts and accessories of the machines of heading 8472
035	847521		Machines for making optical fibers and preforms thereof
036	847590	ex	Parts of machines of subheading 847521
037	847689	ex	Money-changing machines
038	847690	ex	Parts of money-changing machines
039	847989	ex	Automated electronic component placement machines of a kind used solely or principally for the manufacture of printed circuit assemblies

Item	HS 2007	ex *	Product Description
040	847990	ex	Parts of automated electronic component placement machines of a kind used solely or principally for the manufacture of printed circuit assemblies
041	848610		Machines and apparatus for the manufacture of boules or wafers
042	848620		Machines and apparatus for the manufacture of semiconductor devices or of electronic integrated circuits
043	848630		Machines and apparatus for the manufacture of flat panel displays
044	848640		Machines and apparatus specified in Note 9(C) to this Chapter
045	848690		Parts and accessories
046	850440		Static converters
047	850450		Other Inductors
048	850490		Parts
049	850590	ex	Electromagnets of a kind used solely or principally for magnetic resonance imaging apparatus other than electromagnets of heading 90.18
050	851430	ex	Other furnaces and ovens of a kind used solely or principally for the manufacture of printed circuits or printed circuit assemblies
051	851490	ex	Parts of other furnaces and ovens of a kind used solely or principally for the manufacture of printed circuits or printed circuit assemblies
052	851519	ex	Other wave soldering machines of a kind used solely or principally for the manufacture of printed circuit assemblies
053	851590	ex	Parts of other wave soldering machines of a kind used solely or principally for the manufacture of printed circuit assemblies
054	851761		Base stations
055	851762		Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus
056	851769		Other
057	851770		Parts
058	851810		Microphones and stands therefor

Item	HS 2007	ex *	Product Description
059	851821		Single loudspeakers, mounted in their enclosures
060	851822		Multiple loudspeakers, mounted in the same enclosure
061	851829		Other
062	851830		Headphones and earphones, whether or not combined with a microphone, and sets consisting of a microphone and one or more loudspeakers
063	851840		Audio-frequency electric amplifiers
064	851850		Electric sound amplifier sets
065	851890		Parts
066	851981		Using magnetic, optical or semiconductor media
067	851989		Other
068	852110		Magnetic tape-type
069	852190		Other
070	852290		Other
071	852321		Cards incorporating a magnetic stripe
072	852329		Other
073	852340		Optical media
074	852351		Solid-state non-volatile storage devices
075	852352		"Smart cards"
076	852359		Other
077	852380		Other
078	852550		Transmission apparatus
079	852560		Transmission apparatus incorporating reception apparatus
080	852580		Television cameras, digital cameras and video camera recorders
081	852610		Radar apparatus

Item	HS 2007	ex *	Product Description
082	852691		Radio navigational aid apparatus
083	852692		Radio remote control apparatus
084	852712		Pocket-size radio cassette-players
085	852713		Other apparatus combined with sound recording or reproducing apparatus
086	852719		Other
087	852721	ex	Radio-broadcast receivers not capable of operating without an external source of power, of a kind used in motor vehicles, combined with sound recording or reproducing apparatus capable of receiving and decoding digital radio data system signals
088	852729		Other
089	852791		Combined with sound recording or reproducing apparatus
090	852792		Not combined with sound recording or reproducing apparatus but combined with a clock
091	852799		Other
092	852849		Other
093	852871		Not designed to incorporate a video display or screen
094	852910		Aerials and aerial reflectors of all kinds; parts suitable for use therewith
095	852990	ex	Other, excluding organic light emitting diode modules and organic light emitting diode panels for the apparatus of subheadings 8528.72 or 8528.73
096	853180	ex	Other apparatus excluding doorbells, chimes, buzzers and similar
097	853190		Parts
098	853630		Other apparatus for protecting electrical circuits
099	853650		Other switches
100	853690	ex	Other apparatus, excluding battery clamp of a kind used for motor vehicles of heading 8702, 8703, 8704, or 8711
101	853810		Boards, panels, consoles, desks, cabinets and other bases for the goods of heading 8537, not equipped with their apparatus

Item	HS 2007	ex *	Product Description
102	853939	ex	Cold-cathode fluorescent lamps(CCFLs) for backlighting of flat panel displays
103	854231		Processors and controllers, whether or not combined with memories, converters, logic circuits, amplifiers, clock and timing circuits, or other circuits
104	854232		Memories
105	854233		Amplifiers
106	854239		Other
107	854290		Parts
108	854320		Signal generators
109	854330	ex	Electroplating and electrolysis machines of a kind used solely or principally for the manufacture of printed circuits
110	854370	ex	Articles specifically designed for connection to telegraphic or telephonic apparatus or instruments or to telegraphic or telephonic networks
111	854370	ex	Microwave amplifiers
112	854370	ex	Cordless infrared remote control devices for video game consoles
113	854370	ex	Digital flight-data recorders
114	854370	ex	Portable battery operated electronic reader for recording and reproducing text, still image or audio file
115	854370	ex	Digital signal processing apparatus capable of connecting to a wired or wireless network for the mixing of sound
116	854390		Parts
117	880260	ex	Telecommunications satellites
118	880390	ex	Parts of telecommunication satellites
119	880521		Air combat simulators and parts thereof
120	880529		Other
121	900120		Sheets and plates of polarising material

Item	HS 2007	ex *	Product Description
122	900190		Other
123	900219		Other
124	900220		Filters
125	900290		Other
126	901050		Other apparatus and equipment for photographic (including cinematographic) laboratories; negatoscopes
127	901060		Projection screens
128	901090	ex	Parts and accessories of articles of subheadings 901050 and 901060
129	901110		Stereoscopic microscopes
130	901180		Other microscopes
131	901190		Parts and accessories
132	901210		Microscopes other than optical microscopes; diffraction apparatus
133	901290		Parts and accessories
134	901310	ex	Telescopes designed to form parts of machines, appliances, instruments or apparatus of this Chapter or Section XVI
135	901320		Lasers, other than laser diodes
136	901390	ex	Parts and accessories, other than for telescopic sights for fitting to arms or for periscopes
137	901410		Direction finding compasses
138	901420		Instruments and appliances for aeronautical or space navigation (other than compasses)
139	901480		Other instruments and appliances
140	901490		Parts and accessories
141	901510		Rangefinders
142	901520		Theodolites and tachymeters (tacheometers)
143	901540		Photogrammetrical surveying instruments and appliances

Item	HS 2007	ex *	Product Description
144	901580		Other instruments and appliances
145	901590		Parts and accessories
146	901811		Electro-cardiographs
147	901812		Ultrasonic scanning apparatus
148	901813		Magnetic resonance imaging apparatus
149	901819		Other
150	901820		Ultra-violet or infra-red ray apparatus
151	901850		Other ophthalmic instruments and appliances
152	901890	ex	Electro-surgical or electro-medical instruments and appliances, and parts and accessories thereof
153	902150		Pacemakers for stimulating heart muscles, excluding parts and accessories
154	902190		Other
155	902212		Computed tomography apparatus
156	902213		Other, for dental uses
157	902214		Other, for medical, surgical or veterinary uses
158	902219		For other uses
159	902221		For medical, surgical, dental or veterinary uses
160	902229		For other uses
161	902230		X-ray tubes
162	902290	ex	Parts and accessories of apparatus based on the use of X-rays
163	902300		Instruments, apparatus and models, designed for demonstrational purposes (for example, in education or exhibitions), unsuitable for other uses
164	902410		Machines and appliances for testing metals
165	902480		Other machines and appliances

Item	HS 2007	ex *	Product Description
166	902490		Parts and accessories
167	902519		Other
168	902590		Parts and accessories
169	902710		Gas or smoke analysis apparatus
170	902780		Other instruments and apparatus
171	902790		Microtomes; parts and accessories
172	902830		Electricity meters
173	902890		Parts and accessories
174	903010		Instruments and apparatus for measuring or detecting ionising radiations
175	903020		Oscilloscopes and oscillographs
176	903031		Multimeters without a recording device
177	903032		Multimeters with a recording device
178	903033	ex	Other, without a recording device, excluding resistance measuring instruments
179	903039		Other, with a recording device
180	903084		Other, with a recording device
181	903089		Other
182	903090		Parts and Accessories
183	903110		Machines for balancing mechanical parts
184	903149		Other
185	903180		Other instruments, appliances and machines
186	903190		Parts and accessories
187	903220		Manostats
188	903281		Hydraulic or pneumatic

Item	HS 2007	ex *	Product Description
189	950410		Video games of a kind used with a television receiver
190	950430	ex	Other games, operated by coins, banknotes, bank cards, token, or by any other means of payment, other than automatic bowling equipment and games of chance that immediately return a monetary award
191	950490	ex	Video game consoles and machines, other than those of subheading 950430

* Partially covered subheadings are identified by the symbol "ex".

ATTACHMENT B

<p>192</p>	<p>Multi-component integrated circuits (MCOs): a combination of one or more monolithic, hybrid, or multi-chip integrated circuits with at least one of the following components: silicon-based sensors, actuators, oscillators, resonators or combinations thereof, or components performing the functions of articles classifiable under heading 8532, 8533, 8541, or inductors classifiable under heading 8504, formed to all intents and purposes indivisibly into a single body like an integrated circuit, as a component of a kind used for assembly onto a printed circuit board (PCB) or other carrier, through the connecting of pins, leads, balls, lands, bumps, or pads.</p> <p>For the purpose of this definition the following expressions mean:</p> <ol style="list-style-type: none"> 1. "Components" may be discrete, manufactured independently then assembled onto the rest of the MCO, or integrated into other components. 2. "Silicon based" means built on a silicon substrate, or made of silicon materials, or manufactured onto integrated circuit die. (a). "Silicon based sensors" consist of microelectronic or mechanical structures that are created in the mass or on the surface of a semiconductor and that have the function of detecting physical or chemical quantities and transducing these into electric signals, caused by resulting variations in electric properties or displacement of a mechanical structure. <p>"Physical or chemical quantities" relates to real world phenomena, such as pressure, acoustic waves, acceleration, vibration, movement, orientation, strain, magnetic field strength, electric field strength, light, radioactivity, humidity, flow, chemicals concentration, etc.</p> <ol style="list-style-type: none"> 3(b). "Silicon based actuators" consist of microelectronic and mechanical structures that are created in the mass or on the surface of a semiconductor and that have the function of converting electrical signals into physical movement. 3(c). "Silicon based resonators" are components that consist of microelectronic or mechanical structures that are created in the mass or on the surface of a semiconductor and have the function of generating a mechanical or electrical oscillation of a predefined frequency that depends on the physical geometry of these structures in response to an external input. 3(d). "Silicon based oscillators" are active components that consist of microelectronic or mechanical structures that are created in the mass or on the surface of a semiconductor and that have the function of generating a mechanical or electrical oscillation of a predefined frequency that depends on the physical geometry of these structures.
<p>193</p>	<p>Light-Emitting Diode (LED) Backlights modules, which are lighting sources that consist of one or more LEDs, and one or more connectors and are mounted on a printed circuit or other similar substrate, and other passive components, whether or not combined with optical components or protective diodes, and used as backlights illumination for liquid crystal displays (LCDs)</p>

194	Touch-Sensitive Data Input Devices (so-called touch screens) without display capabilities, for incorporation into apparatus having a display, which function by detecting the presence and location of a touch within the display area. The sensing of touch may be obtained by means of resistance, electrostatic capacity, acoustic pulse recognition, infra-red lights, or other touch-sensitive technology
195	Ink cartridges (with or without an integrated print head) for insertion into apparatus of HS subheadings 844331, 844332 or 844339, and incorporating mechanical or electrical components; thermoplastic or electrostatic toner cartridges (with or without moving parts) for insertion into apparatus of HS subheadings 844331, 844332 or 844339; solid ink in engineered shapes for insertion into apparatus of HS subheadings 844331, 844332 or 844339
196	Printed matter which grants the right to access, install, reproduce or otherwise use software (including games), data, internet content (including in-game or in-application content) or services, or telecommunications services (including mobile services)**
197	Self-adhesive circular polishing pads of a kind used for the manufacture of semiconductor wafers
198	Boxes, cases, crates and similar articles , of plastic, specially shaped or fitted for the conveyance or packing of semiconductor wafers, masks, or reticles, of subheading 392310 or 848690
199	Vacuum pumps of a kind used solely or principally for the manufacture of semiconductors or flat panel displays
200	Plasma cleaner machines that remove organic contaminants from electron microscopy specimens and specimen holders
201	Portable interactive electronic education devices primarily designed for children

** The tariff elimination for printed matter shall only affect the rights and obligations with respect to trade in goods, that is, it shall not affect market access other than tariffs of the participants. Nothing in the ITA expansion agreement shall prevent an ITA member from regulating the content of such goods, including Internet content, among other things. Nothing in the ITA expansion agreement shall affect a member's market access rights and obligations on trade in services or prevent a member from regulating its services market.