



October 9, 2014

The Honorable Arun Jaitley
Union Minister of Finance
Ministry of Finance
North Block
New Delhi – 110011

Dear Honorable Minister Jaitley:

Our associations represent tens of thousands of information and communications technology (ICT) companies from around the world including some of the largest foreign investors in India. Our member companies are engaged in manufacturing, software, and services, and are committed to India's growth and innovation. We are writing to express concern regarding recent tariff increases on certain types of telecommunication equipment.

Sir, the global technology industry welcomed the Bharatiya Janata Party's manifesto that includes the so-called "5Ts," two of which are trade and technology. We are also greatly encouraged by the Modi Administration's plans for a "Digital India," as it seeks to bring the power of technology and innovation to the people of India. We look forward to beginning a collaborative dialogue with you on the recent tariff increase and its impact on ICT trade, and the role that ICT can play to help strengthen both the global and Indian economies, drive economic growth and job creation, and spur global competitiveness for the benefit of all.

As announced in the Union Budget and in Notification 11/2014-Customs, a 10 percent tariff increase is being levied on a broad range of telecommunications equipment. Our member companies include the world's leading telecommunications equipment manufacturers, and accordingly we have taken a careful look at the products subject to these increased tariffs. We strongly believe that they are covered by the World Trade Organization (WTO) Information Technology Agreement (ITA) and should continue to receive duty-free treatment as accorded by the ITA. Thus, we respectfully urge the Government of India to withdraw this Notification at the earliest possible date.

Notification 11/2014-Customs removes the existing duty exceptions and implements a 10 percent basic customs duty for a range of telecommunications equipment, including four broad categories of telecom equipment and technologies:

1. Soft switches and Voice over Internet Protocol (VoIP) equipment, namely, VoIP phones, media gateways, gateway controllers and session border controllers;
2. Optical transport equipment, combination of one or more of Packet Optical Transport Product or Switch (POTP or POTS), Optical Transport Network (OTN) products, and IP Radios;
3. Carrier Ethernet Switch, Packet Transport Node (PTN) products, Multiprotocol Label Switching-Transport Profile (MPLS-TP) products;
4. Multiple Input / Multiple Output (MIMO) and Long Term Evolution (LTE) Products.

The products in Notification 11/2014-Customs are covered under the ITA in both Attachment A and B of the Annex to the ITA used to identify products that fall under the purview of the Agreement. In Attachment A of the 1996 ITA, all telecom products in HS 8517 were affirmatively covered.

Sir, the ITA is one of the most significant trade agreements for the global ICT industry and the announced tariff increase creates a significant amount of uncertainty. Moreover, raising tariffs on these critical telecommunications devices could have a detrimental impact on India's goals of increasing broadband access and using technology as a tool for socio-economic development. Access to the best technology products and services from around the world at the best prices is critical increasing broadband access and to spurring technological progress and innovation in all sectors of the economy, overall economic growth, and higher living standards.

We are committed to collaborating with the Ministry of Finance, the Modi Administration, and Indian industry to promote the power of technology, increase transparency and predictability, as well as to develop a sustainable environment for the ICT industry's growth and investment in India.

Thank you for your consideration.

Sincerely,

Association of Electronic Industries in Singapore (AEIS, Singapore)

Australian Information Industry Association (AIIA, Australia)

Communications and Information Network Association of Japan (CIAJ, Japan)

Consumer Electronics Association (CEA, USA)

DIGITALEUROPE (Europe)

Electro-Federation (Electro-Fed, Canada)

Information Technology Industry Council (ITI, USA)

Japan Electronics and Information Technology Industries Association (JEITA, Japan)

Japan Information Technology Services Industry Association (JISA, Japan)

Korea Electronics Association (KEA, Korea)

Taipei Computer Association (TCA, Chinese Taipei)

Taiwan Electrical and Electronic Manufacturers' Association (TEEMA, Chinese Taipei)

TechAmerica powered by CompTIA (TechAmerica, USA)

Telecommunications Industry Association (TIA, USA)

US-India Business Council (USIBC, USA)

cc: Shri Ravi Shankar Prasad, Minister of Communications and IT

Smt. Nirmala Sitharaman, Minister of Commerce and Industry