



February 25, 2008

*Office of the President and
Chief Executive Officer*

*Cabinet du président
et chef de la direction*

Mr. John Gero
Assistant Deputy Minister
Trade Policy and Negotiations
Foreign Affairs and International Trade Canada
111 Sussex Drive
Ottawa, ON K1N 1J1

Dear Mr. Gero:

I am writing in regard to recent actions by the European Union (EU) to reclassify set-top boxes, LCD monitors, multifunction printers and mobile phones, in contravention of the terms of the WTO's Information Technology Agreement (ITA). We encourage the Government of Canada to join as a third party any dispute that is brought forward with respect to this issue.

As you are aware, the Canadian Chamber of Commerce is Canada's largest and most representative business organization. We are the national leader in public policy advocacy on business issues and *the Voice of Canadian Business™*. The Canadian Chamber of Commerce is a diverse network of 175,000 organizations, including chambers of commerce, boards of trade, business associations and businesses of all sizes, from all sectors of the economy and all regions of Canada.

The ITA seeks to bind and eliminate customs duties on information and communications technology (ICT) products in order to lower the cost of building information infrastructure, to promote e-commerce and to promote development. The products covered by the ITA are classified by HS code and by product description to ensure ICT products are included, regardless of how a customs authority chooses to classify them and regardless of any additional features or secondary functions included in these goods.

The actions of the EU are a clear contradiction of both the spirit and the letter of the ITA. Many countries are objecting to the EU's actions; Canada should be among this group. The EU's reclassification, if unchallenged, sets a dangerous precedent that could impact negatively many Canadian companies, in particular those undertaking R&D and innovation activities in Canada. The Government of Canada has unveiled strategies to encourage innovation and R&D; it thus makes sense to defend the interests of those currently undertaking these high-value

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activities. The Canadian Chamber has consistently advocated that the Government of Canada act where our trading partners are not complying with their international obligations, including the EU's recent reclassification of ICT products.

The undermining of the ITA is a cause of concern for not only Canadian business, but international business as a whole. The International Chamber of Commerce, of which the Canadian Chamber of Commerce is the Canadian representative, has recently issued a policy statement opposing actions that contradict the letter and spirit of the ITA and calling for all participating countries to respect their commitments to "bind and eliminate" customs duties on goods covered by the ITA. I attach for your reference this policy statement, which the Canadian Chamber of Commerce fully endorses.

Sincerely,

Perrin Beatty

Att.

CC: Paul Benoit, Senior Policy Advisor, Office of the Minister of International Trade
Gilles Gauthier, Director General, Multilateral Trade Policy, Foreign Affairs and International Trade Canada
Peter McGuire, Director, Multilateral Market Access Division, Foreign Affairs and International Trade Canada