



Jeffrey Gerrish  
Deputy United States Trade Representative  
Office of the United States Trade Representative  
1724 F Street NW  
Washington, DC 20508

October 16, 2018

Dear Amb. Gerrish:

On behalf of the Telecommunications Industry Association (TIA), the leading trade association representing the manufacturers and suppliers of high-tech communications networks, we are writing to express our strong support for ongoing U.S. efforts to respond to India's pattern of WTO-inconsistent duty increases.

Over the past year, India has accelerated a protectionist campaign to sharply curtail telecom equipment imports, negatively impacting the U.S. telecom sector. Most recently, on Oct. 11<sup>th</sup>, New Delhi announced significant duty increases on a host of telecom products it had previously committed in its WTO schedule to treat as duty free. Since July 2017, India has now levied tariffs five times on ICT goods with tariffs bound at zero. This is in addition to an earlier round of WTO-violating duties in 2014. (For more details, please see appended chronology of India's duty increases on ICT products).

On a related note, we understand that in late September India sought unsuccessfully to alter its WTO bound tariffs on the 8517 tariff line that covers core telecom products. Again, we are grateful for the administration's swift opposition that has curtailed those plans, along with U.S. outreach in recruiting other WTO members to lodge objections.

New Delhi has clearly outlined its protectionist intentions. In August, the national telecom regulator announced a goal to slash imports of telecom equipment to "net zero" by 2022. India's national Digital Communications Policy released in September calls openly for "rationalising taxes and levies and differential duties to incentivize local manufacturing of [digital communications] equipment, networks and devices." Unfortunately, India's subsequent actions make U.S. products more expensive and less competitive in the marketplace, effectively shrinking American market access.

As TIA noted in our comments on India's eligibility for the Generalized System of Preferences, one factor in the designation of beneficiary countries is whether they are deemed to "reduce trade distorting investment practices and policies." To the contrary, India's repeated imposition of WTO-violating duties shows that it has doubled down on trade-distorting behavior.



**Telecommunications Industry Association**

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We greatly appreciate USTR's continued hard work in pushing India to change course and provide the "equitable and reasonable access" to its markets required of GSP beneficiaries under U.S. law.

Sincerely,

A handwritten signature in black ink, appearing to read "Cinnamon Rogers". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Cinnamon Rogers  
Senior Vice President, Government Affairs

Cc:

Mark Linscott, Assistant U.S. Trade Representative for South and Central Asian Affairs

Jim Sanford, Assistant U.S. Trade Representative for Small Business, Market Access, and Industrial Competitiveness



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## **CHRONOLOGY OF INDIA'S LEVY OF WTO-INCONSISTENT ICT DUTIES**

(all products referenced have tariffs bound at zero in India's GATT schedule)

- 1) In July 2014, India rescinded a duty exemption and implemented a 10 percent basic duty on a range of advanced telecom technologies classified under the 8517 heading.<sup>1</sup>
- 2) Three years later in July 2017, New Delhi again imposed import duties of 10 percent, this time on a much broader group of telecom equipment products including mobile phones, smart phones, and base stations.<sup>2</sup>
- 3) Only five months later in December 2017, India boosted the duty rate on cell phones and smart phones once more, from 10 percent to 15 percent.<sup>3</sup>
- 4) In February 2018, India further increased the duty on cellular mobile phones from 15 percent to 20 percent, while raising duties on phone parts from a range of 7.5-10 percent to 15 percent. The duty on wearable devices was raised from 10 percent to 20 percent.<sup>4</sup>
- 5) In April 2018, India announced it will impose a 10 percent duty on populated printed circuit boards (PCBs) used in mobile phones.<sup>5</sup>
- 6) In October 2018, India said it will double the 10 percent levy on telecom goods including base stations, smart watches, optical transport and VOIP equipment to 20 percent<sup>6</sup> and impose a new 10 percent duty on parts and components of telecom products<sup>7</sup> that were previously not subject to duties.

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<sup>1</sup> Government of India, Ministry of Finance, Department of Revenue, Notification No. 11/2014-Customs (July 11, 2014).

<sup>2</sup> Government of India, Ministry of Finance, Department of Revenue, Notification No. 56/2017-Customs (June 30, 2017).

<sup>3</sup> Government of India, Ministry of Finance, Department of Revenue, Notification No. 91/2017-Customs (Dec. 14, 2017).

<sup>4</sup> Budget 2018-2019 Speech of Arun Jaitley, Minister of Finance (Feb. 1, 2018), at 54-55, (Budget speech) <https://www.indiabudget.gov.in/ub2018-19/bs/bs.pdf>

<sup>5</sup> Government of India, Ministry of Finance, Department of Revenue, Notification 36/2018-Customs (April 2, 2018).

<sup>6</sup> Government of India, Ministry of Finance, Department of Revenue, Notification 74/2018 and 75/2018 (October 11, 2018).

<sup>7</sup> Government of India, Ministry of Finance, Department of Revenue, Notification 76/2018 (October 11, 2018).