



March 6, 2018

H.E. Shahid Khaqan Abbasi
Prime Minister
Government of Pakistan
Islamabad, Pakistan

Dear Mr. Prime Minister:

On behalf of industry associations representing the Pakistan and U.S. private sector, we encourage the Government of Pakistan to join the World Trade Organization’s (WTO) Information Technology Agreement (ITA) and its expansion. By eliminating tariffs on high-tech goods and components, from semiconductors to high-tech medical devices, the ITA lowers the price of and expands consumption of productivity-enhancing technologies across a range of industries. More affordable and higher-quality tech products—which are the modern economy’s chief drivers of productivity, innovation, and economic growth—in turn engenders faster economic growth and higher living standards.

Pakistan has a rising youth population that will require more jobs and a more efficient connectivity ecosystem for penetrating diversified markets. Government efforts to promote e-commerce and ICT will be instrumental in maximizing the benefits of Pakistan’s talent pool, while helping modernize its economy, and creating jobs. Joining the ITA and its expansion would provide more affordable access to the cutting-edge technologies necessary to build and support an e-commerce ecosystem and is a meaningful and tangible step that Pakistan’s government can take to promote jobs and growth, while also achieving key development goals related to network connectivity, environmental protection, healthcare, and education.

According to a recent study by the Information Technology and Innovation Foundation (ITIF)¹, joining the ITA would grow Pakistan’s economy by \$4.6 billion in the 10th year post-ITA accession, an increase of 1.3%. In absolute terms, Pakistan’s GDP would be nearly \$5 billion larger. We understand that there are concerns regarding the impact of joining the ITA on government revenue. Studies have shown the overall revenue impact would be marginal as a result of new tariff revenues resulting from a higher GDP and standard of living. Specifically, ITIF estimates that joining the ITA would actually result in new tax revenues of \$231 million (in the

¹ Ezell, Stephen and John Wu. “How Joining the Information Technology Agreement Spurs Growth in Developing Nations.” May 2017. <http://www2.itif.org/2017-ita-spurs-growth-developing-nations.pdf>

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10th year post accession), allowing Pakistan to recover 75% of foregone tariffs. In addition, there is a possibility for Pakistan to negotiate implementation periods, known as “staging” for the highest revenue-generating products to help mitigate revenue impact. Joining the ITA would deepen Pakistan’s participation in global value chains for the production of ICT goods and services, make it a more attractive location for investments by ICT goods and services producers, and send an important signal to investors that the country is open for business.

Our organizations urge the government of Pakistan to embrace the immediate and long-term benefits of the ITA and its expansion and join the agreements this year. We believe that ITA participation and continued implementation of sound policies would help boost confidence and expand job creation, economic growth, and innovation in Pakistan. As important investors in and contributors to Pakistan’s development, American companies remain optimistic about the country’s future and potential as a vibrant and dynamic emerging economy. Our industries seek to join in efforts to strengthen bilateral relations and enhance business ties between our two countries. We would be happy to follow up with your staffs to answer any questions.

Sincerely,

The American Business Council of Pakistan
Consumer Technology Association (CTA)
CompTIA
Information Technology Industry Council (ITI)
Pakistan Software Houses Association for IT & ITES (P@SHA)
Pakistan Policy Research Institute of Market Economy (PRIME Institute)
The Rechargeable Battery Association (PRBA)
Semiconductor Equipment and Manufacturing International (SEMI)
Semiconductor Industry Association (SIA)
Software Information Industry Association (SIIA)
Telecommunications Industry Association (TIA)
The Indus Entrepreneurs (TiE)
U.S. Council for International Business (USCIB)
U.S. Chamber of Commerce (USCC)
U.S.-Pakistan Business Council (USPBC)
We Create Pakistan
World Information Technology and Services Alliance (WITSA)

cc: H.E. Mohammad Pervaiz Malik, Minister of Commerce, Government of Pakistan
Dr. Miftah Ismail, Adviser to Prime Minister on Finance, Revenue and Economic Affairs,
Ministry of Finance, Government of Pakistan
Mrs. Anusha Rehman, Minister of State for Information Technology and Telecommunication
H.E. Aizaz Ahmad Chaudhry, Ambassador of Pakistan to the United States
Mr. Tariq Mahmood Pasha, Chairman, Federal Board of Revenue