European Union launches WTO cases on ICT and pharmaceuticals

Today, the EU has brought two disputes in the World Trade Organization (WTO) against India and Turkey, respectively targeting unlawful import duties on Information and Communication Technology (ICT) products and unlawful measures on pharmaceuticals. In both cases, there are significant economic interests and important legal principles at stake for the EU. The total value of affected European exports is estimated to be more than €1 billion a year.

Commissioner for Trade Cecilia Malmström said: “Today the EU is showing once again that it will not hesitate to use the multilateral system to enforce the rules when others violate them. India must abide by its own commitment to allow duty free trade in ICT products. Technological innovation keeps our companies competitive in the global market and supports hundreds of thousands of high value jobs across Europe. Turkey is discriminating against EU pharmaceuticals producers by forcing them to move production there. This is a clear violation of WTO rules and puts many EU jobs at risk. We hope that we will be able to resolve both cases during the upcoming WTO consultations.”

In the case against India, the EU is challenging the introduction of import duties on a wide range of ICT products, for instance mobile phones and components, base stations, integrated circuits and optical instruments. Despite its earlier legally binding commitment in the WTO not to charge any duties on these products, India has been applying duties ranging from 7.5% to 20%. These import duties are therefore in clear breach by India of WTO rules. The levies affect EU exports worth €600 million per year.

The case against Turkey concerns measures that force foreign producers of pharmaceuticals to move their production to the country, if they want their medicines to be eligible for reimbursement for consumers under the Turkish health system. In addition, Turkey applies a number of technology transfer requirements in cases where companies move production to Turkey. These measures are a clear violation of Turkey’s WTO obligations to treat foreign companies on equal footing with domestic ones, and to protect intellectual property of foreign companies, such as patents and business information, on its territory. The estimated value of pharmaceutical exports likely to be affected by these measures reaches €460 million and, if further implemented, could potentially affect all EU exports to Turkey worth more than €2.5 billion.

Next steps

The first step of the dispute settlement consist of 60-day long consultations. If the consultations requested today with both India and Turkey do not result in a satisfactory solution, the EU can request that the WTO set up a panel in each case to rule on the issues raised.
Background

Since the start of the Juncker Commission in November 2014, the EU has won 9 WTO cases. This led to removing discriminatory taxes, illegal customs duties or other trade obstacles affecting exports of EU companies worth €10 billion per year in key markets such as Russia, China, US, and South America.

The EU will continue to take all necessary steps to protect the interests of the European ICT and pharmaceutic industries in line with the WTO rules.

For more information

EU request for WTO consultations with India
EU request for WTO consultations with Turkey
EU action to enforce existing global trade rules
WTO Dispute Settlement system