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HP Policy Position

Market Access

At HP, our vision is to create technology that makes life better for everyone, everywhere — every person, every organization, and every community around the globe. Open international trade is an essential part of delivering this vision throughout the world.

Policy Recommendations

- HP supports the opening of markets through trade agreements and other measures that reduce and eliminate duties and non-tariff barriers on IT products and services.

- Trade agreements should provide strong protection and enforcement of intellectual property rights, encourage regulatory transparency and convergence, facilitate trade and customs for international supply chains, and ensure national treatment. Agreements should also address emerging non-tariff barriers affecting the high-tech sector.

- HP urges all parties to support and implement the expansion of the Information Technology Agreement to eliminate duties on the additional 201 technology products as quickly as possible. As a next step, 3D printing systems and accessories should be considered for duty-free treatment under the next ITA periodic product review to provide coverage for new innovations in this field.

- Government procurement policies should be based on objective criteria and include internationally recognized quality standards to ensure fair competition and access to the best global technologies. Procurements should also emphasize sourcing legitimate products and preventing counterfeits or illegal and infringing clone cartridges from being sold to government agencies. Preferences for remanufactured/refilled print cartridges over original manufacturers do not take into account quality, total value, and overall life cycle sustainability.

Issue Background

Information Technology Agreement Expansion

The expanded Information Technology Agreement (ITA) signed by 54 WTO parties in July 2015 eliminates tariffs on an estimated $1.3 trillion in technology products.[1] The 201 technology products covered in the expansion include certain key items for HP, such as multifunctional devices and computer printers in China and printer ink cartridges in the European Union. The agreement also eliminates duties on several key parts and components for our products. Tariff reductions started in July 2016, and will be fully implemented within seven years; with the majority of the cuts taking place in three years or less. HP encourages all parties to rapidly implement the tariff eliminations agreed to in the expansion.

Customs classification of 3D printers

The expanded ITA includes a new clause to ensure that the coverage of the Agreement is reviewed periodically. As a result, HP will routinely seek inclusion of new innovations during subsequent reviews of the ITA, the next of which is expected to begin in 2018.

3D printers and accessories are an excellent example of a technology product to be considered under this clause. 3D printing technology is not currently covered by ITA, so customs duties are applied in many countries. HP is working closely with the World Customs Organization (WCO) to establish harmonized system (HS) classification codes for 3D systems and accessories, to provide clarity for global customs authorities. Achieving WCO agreement on an HS classification (or creation of a new category) for 3D printing will lay the groundwork for inclusion of these products for duty free treatment in the next round of ITA negotiations.

Trade Agreements

HP supports negotiation and implementation of aggressive regional and sectoral trade agreements that remove tariff and non-tariff barriers affecting IT products and services, provide strong protection and enforcement of intellectual property rights, encourage regulatory transparency and convergence, and facilitate trade and customs for international supply chains. In addition, we support the reduction of other barriers affecting the high-tech industry by enabling cross-border data flows, limiting data localization requirements, encouraging use of international standards and promoting acceptance of commercially-available security features. HP also takes the position that government procurement commitments should treat international firms equally to domestic companies ("national treatment").

International Standards and Conformity Recognition

HP promotes the use of international standards. Common, global standards facilitate the uptake of new technologies, including 3D printing. HP and others in the 3D printing Industry are currently collaborating with standards bodies to develop global, interoperable standards in additive manufacturing/3DP.

HP encourages governments to recognize suppliers' declarations of conformity. Requirements for commercial products should align with global standards, and avoid country-specific technical standards that do not recognize the global nature of the technology supply chain. Increasingly, the proliferation of in-country testing and physical inspection requirements create new challenges for HP to deliver our products to market and, further, undermine the ability of multinationals such as HP to compete on a level playing field.

Government Procurement

Government procurements should be awarded based on objective criteria, including internationally recognized quality standards, and provide access to the best global technologies. Procurements should be competitive, recognize innovation, and make the most of scarce government resources. Policies should emphasize sourcing legitimate products and preventing counterfeits and illegal or infringing clone cartridges from being sold to government agencies. We also call on government procurement agencies to ensure transparent public sector procurement processes, including publicly accessible tender information, to ensure counterfeit products are not supplied to government agency end users through companies successful in tendering.

Procurement policies that favor remanufactured or refilled printing supplies do not take into account the lower quality and additional hidden costs compared to original manufactured products. In fact, 70% of the print quality is determined by the printer cartridge.[2] Remanufacturers do not generally manage takeback and end of life, and should be subject to the Waste Electronic and Electrical Equipment (WEEE) directive that has print cartridges in scope. Contrary to popular belief, third-party remanufactured and refilled cartridges are not environmentally preferable to original manufacturer cartridges under a full life cycle assessment. Original manufactured products provide better overall quality and reliability, total value, and sustainability managing the full life cycle, from design to takeback and recycling. Most original manufacturers adhere to "zero landfill" practices for all cartridges.[3]

Several manufacturers market printing supplies they claim to be "compatible with" certain HP printers and multifunctional devices. These newly-built, non-original manufacturer cartridges are considered "clones" when they infringe on intellectual property.

Given the highly complex nature of printer design and extensive investments in R&D, it is nearly impossible to build a third-party cartridge without infringing on existing patents. Although a cartridge may physically fit in an HP device, there is no guarantee that it will perform like a genuine HP cartridge. Studies have shown that these newly-build compatibles have high rates of "dead on arrival" (27% in one sample), early failure and poor quality.[4] Further, they can cause damage to the device, as evidenced by a study that found 88% of printer technicians encountered more cleaning and repairs with non-HP cartridges than with genuine products.[5] In addition to the infringement and quality problems, clones usually do not have environmentally sound end-of-life practices. Procurements that select clones based solely on price do not take into account quality, total value, and overall life cycle sustainability that a genuine HP product provides. HP seeks to inform policy makers and people that are responsible for issuing public tenders, both at the EU and EU Member States level, as well as customs on illegal and infringing clones in order to ensure that these are not mistakenly purchased.

[1]https://www.wto.org/english/tratop_e/inftec_e/briefingnoteita_e.htm
[2] http://www8.hp.com/us/en/ads/science-of-printing/overview.html
[3] EuroVAPrint, The environmental impact of reuse vs. recycling of toner and inkjet cartridges" October 2014
[4] http://www.spencerlab.com/reports/HP-Reliability-WWCL-2013.pdf
[5] Market Strategies International, HP EMEA Partners Who Have Serviced Laser Printers with Original HP and Non-HP Cartridges Installed, 2014