

PRESS STATEMENT – FOR IMMEDIATE RELEASE 28.03.06

Multilateral Agreement brings duties on *Multichips* to zero

ESIA's President and CEO of STMicroelectronics **Carlo Bozotti** states that *"the European semiconductor industry welcomes this agreement and applauds the key role the European authorities have played in making it reality. Creating a zero tariff environment for multichip ICs is an important step towards ensuring that legislation keeps pace with technology and ensuring free trade for semiconductor products."*

The Agreement on multichip ICs signed by the Governments / Authorities of the EU, Japan, Korea, Chinese Taipei and the US - the main semiconductor trading regions - will enter into force in April.

Multichip ICs combine two or more chips within the same package, allowing higher performance while using less space than ever before. They provide the enabling technology which makes the production and future development of products such as mobile phones, DVDs, MP3s, camcorders and all types of multimedia products, possible. They are equally essential for example as sensors for car dashboards, for wireline communication, memory chips and power management.

For the semiconductor industry, the elimination of duty rates for multichip ICs is an important factor for future growth. In 2005, worldwide multichip IC revenues of European-based semiconductor companies already exceeded the €2bn mark. **Multichip ICs form an increasingly important part of company portfolios and account for an overall average of around 10% of total revenues.** While this figure refers to European-based companies, it reflects that multichip ICs are already today a significant part of a worldwide semiconductor market valued at €183bn in 2005. Market analysts speak of a **doubling of the market by 2008** and of a compound annual growth rate of 25%, underlining the importance of this agreement for the semiconductor industry.

Commenting on the two years it has taken to reach this goal, **Bozotti** adds that *"this is a great example of how Governments and industry can work together constructively on a world wide level and it highlights the importance and uniqueness of an organisation such as the World Semiconductor Council."*

Semiconductors are generally covered by the Information Technology Agreement (ITA) of 1996 and therefore already benefit from free trade. As a recent technological development, multichip ICs are not covered and up to the entry into force of the Agreement are still traded under a patchwork of worldwide regional tariffs.

ESIA's Director **Martin Spät** adds *"the Agreement is open for further countries to join. We are already receiving signals that this may be the case in the very near future."*

Contact: EECA-ESIA office: Martin Spät

Link: http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/oj/2006/l_088/l_08820060325en00010002.pdf

About ESIA: The European Semiconductor Industry Association (ESIA) represents the European-based manufacturers of semiconductor devices. The semiconductor industry provides the key enabling technologies at the forefront of the development of the digital economy. The sector supports well over 88 000 direct jobs in a market valued at around €31.6 bn in 2005.

Industry Association of :

EECA : European Electronic Component manufacturers' Association

"Diamant" Building, Boulevard A. Reyers 80, B-1030 Bruxelles

Tél: + 32 2 706 86 00 • Fax: + 32 2 706 86 05 • E-mail: secretariat.gen@eeca.be • Web: www.eeca.org