

PRESS RELEASE**JOINT STATEMENT OF SUPPORT FOR THE WORLD TRADE ORGANIZATION****WORLD SEMICONDUCTOR COUNCIL****Geneva, Switzerland****May 24, 2007**

The World Semiconductor Council (WSC) consists of the Semiconductor Industry Associations of China, Chinese Taipei, the European Union, Japan, Korea and the United States - the leading semiconductor industries of the world. Semiconductors are a core technology for the 21st century, enabling enhanced productivity and economic development and growth around the world. The world semiconductor industry is of vital importance in both technological and economic terms in advancing the information age – semiconductors are the foundation upon which the information and communication technology industry is built. Sustainable growth in this industry is one of the keys to future progress in social and economic spheres around the world.

The members of the WSC take the opportunity of this meeting to celebrate the 10th anniversary of the Information Technology Agreement (ITA). As Director General Lamy has noted, world exports of ITA products over the past 10 years have more than doubled in dollar terms, reaching US\$ 1450 billion in 2005 with annual average growth of 8.5 per cent. In 2005, trade on ITA products accounted for 14 per cent of the world merchandise exports, exceeding that of agricultural products, and textiles and clothing together. WTO Director General Lamy has said that this success is all the more impressive since the opening of this product sector was achieved without the usual negotiating process of give-and-take across all product sectors. The liberalization was a self-contained sectoral initiative that grew out of the potential benefits recognized by the participants to their national development policies. We join the Director General in his belief that it is therefore fair to say that the ITA has been a major success since the establishment of the WTO.

Within the so-called GAMS (Governments/Authorities meeting on Semiconductors), the Governments and Authorities of our industries have recognized and determined that:

1. Semiconductors are the building blocks of the information age. They are making possible continuing revolutionary progress in all facets of life, including communications, transportation, health care, scientific research, education and commerce, and are critical to raising global standards of living and contributing to sustainable economic growth.

2. Governments and Authorities of the GAMS ...have achieved virtually barrier-free trade in semiconductors among themselves, including the elimination of tariffs. They jointly seek a world environment devoid of barriers to trade and investment, and they support initiatives in the World Trade Organization (WTO) – including the Information Technology Agreement (ITA) – to achieve this objective. They endorse policies – including the protection of intellectual property, positive approach to basic scientific research, positive approaches to global environmental protection, and promotion of the information society through appropriate regulatory and other policies – that will foster sound and increased economic growth, and continued expansion of the benefits of the information age. These policies are intended to allow lower cost access to semiconductors and information technology products around the world and thus foster global demand.

There is a shared view among the Members of the WSC, which is supported by the Members of the GAMS that cooperation concerning semiconductors should be based on principles including the following:

- The Parties should seek barrier-free trade in semiconductors in markets worldwide.
- The competitiveness of companies and their products, not the intervention of governments and authorities, should be the principal determinant of industrial success and international trade.
- Government and Authorities' measures should be fully consistent with the letter and spirit of the WTO Agreements. Government and Authorities should avoid any form of discrimination.
- The Parties recognize ... the need to avoid the problem of injurious dumping through fair and effective anti-dumping measures consistent with GATT 1994 and the WTO Agreement on Implementation of Article VI of GATT 1994 (Anti-dumping Agreement).
- The Parties will promote an open, equitable, rules-based, predictable and non-discriminatory trading system that benefits all Parties in the pursuit of sustainable development.
- The promotion, implementation and adequate enforcement of effective standards for intellectual property rights protection.

In light of the foregoing, the WSC today urges the members of the WTO to accelerate the work on the Doha Development Agenda Round of Multilateral Negotiations and bring it to a strong, positive conclusion. This is important to ensure continued world economic advancement and increase the standard of living of all peoples. By creating new market opportunities for industry, services and agriculture, the prospects for economic growth will increase, with positive effects on new jobs in developed and developing economies alike. In principle, WSC favours an effective multilateral trade agreement as superior to a

proliferation of bilateral agreements as the key trading mechanism for the semiconductor industry.”

In furtherance of the core principles of our industry and those enunciated by our respective Governments and Authorities, we seek in the Doha Round and as appropriate in the continuing work of the WTO:

- 1) the elimination of tariffs and all non-tariff barriers on all semiconductor industry products and *semiconductor equipment and materials*
- (2) the need for fair and effective antidumping or countervailing measures (see the 2003 WSC Position Paper).
- (3) the adoption of harmonized rules of origin, which recognize the specific requirements of the semiconductor industry. These rules of origin should be based on manufacturing operations (such as diffusion or assembly), with one rule to be applied for trade remedies and another rule to be applied for other purposes, consistent with the principle of decoupling. They should not be based on a value add solution
- (4) continued and improved protection of intellectual property rights, including efforts to discourage counterfeiting of semiconductors;
- (5) the avoidance of product standards becoming barriers to trade; and
- (6) improved disciplines on subsidies that distort trade and cause harm to industries.

Contact

Semiconductor Industry Association in:

- China (www.csia.net.cn); Louisa Lu, louisa@csia.net.cn
- Chinese Taipei (www.tsia.org.tw); Julie Wu, julie@tsia.org.tw
- Europe (www.eeca.org); Martin Spät, mspaet@eeca.be
- Japan (<http://semicon.jeita.or.jp>); Takashi Ito, t-ito@jeita.or.jp
- Korea (www.ksia.or.kr); Steve Hong, steve@ksia.or.kr
- United States (www.sia-online.org); Anne Craib, acraib@sia-online.org

WSC Website: www.semiconductorcouncil.org