

The 5th meeting of the world semiconductor council
was held on May 17, 2001 in Okinawa, Japan.
The meeting was hosted by JEITA.

A joint statement was released at the conclusion of the meeting.

- European Semiconductor Industry Association of the European Electronic Component Manufacturers Association (EECA/ESIA)
- Japan Electronics and Information Technology Industries Association (JEITA)
- Korea Semiconductor Industry Association (KSIA)
- U.S. Semiconductor Industry Association (SIA)
- Taiwan Semiconductor Industry Association (TSIA)

**JOINT STATEMENT ON THE FIFTH
MEETING OF WORLD
SEMICONDUCTOR COUNCIL (WSC)
May 17, 2001,
Okinawa, Japan**

The European Semiconductor Industry Association of the European Electronic Component Manufacturers Association (EECA/ESIA), the Japan Electronics and Information Technology Industries Association (JEITA), the Korea Semiconductor Industry Association (KSIA), the U.S. Semiconductor Industry Association (SIA), and the Taiwan Semiconductor Industry Association (TSIA) today held the fifth meeting of the World Semiconductor Council (WSC). This meeting, held in Okinawa, Japan, is the second meeting conducted under the "Agreement Establishing a New World Semiconductor Council" approved at the third WSC meeting held on April 23, 1999 in Fiumicino, Italy and signed in Brussels on June 10, 1999.

It is the purpose of the WSC to address issues of global concern in the semiconductor industry with a goal of increasing fair competition and promoting technological advancement and sound environmental and safety practices. The WSC encourages cooperation in such areas as protection of the environment, intellectual property rights, trade and investment liberalization, and market development. All WSC activities are guided by principles of fairness and respect for market principles consistent with World Trade Organization (WTO) rules and with the laws governing the respective WSC member associations. The WSC reaffirmed that markets should be open and competitive. Antitrust counsel were present throughout the meeting.

The meeting was chaired by Koichi Nagasawa (JEITA), and opening statements were made by Koichi Nagasawa, Arthur van der Poel on behalf of Ulrich Schumacher (ESIA), Yoon-Woo Lee (KSIA), Brian Halla (SIA) and Morris Chang (TSIA) representing each association. Kouji Ohboshi, Chairman of NTT DoCoMo, presented the keynote address with a speech titled "Today's Technology and Application in Wireless Service and Future Prospects."

During the meeting, the following reports were received and actions confirmed.

Cooperative Approaches to Protecting the Global Environment

The WSC is firmly committed to sound, scientifically based, positive environmental policies, recognizing the major contribution the semiconductor industry worldwide is making and will continue to make toward protection of the global environment.

Recognizing and sharing global environmental concerns, the industries pledged to commit efforts to working closely with environmental authorities regarding regulatory proposals to be introduced. The WSC has agreed to work together on common approaches wherever possible, and to share information at the earliest feasible stages about emerging problems and regulatory responses, with a view to contributing positively to public policy formulation.

(1) PFC Emission Reduction

A common international guideline for reduction of PFC emissions for semiconductor industries represented by the five countries or regions has been approved. The international common target is to reduce PFC emissions by 10% in 2010 against the base year, even if semiconductor production is increased. The base year is set for JEITA, ESIA and SIA as 1995, for KSIA as 1997 and for TSIA as 1998 (as described in the guidelines).

The members at this meeting received a report on a guideline for voluntary action plans aimed at a common international target for PFC emission reduction. Establishment of an emission calculation formula and a common reporting format for PFC emissions also were discussed and approved.

(2) Chemical Management and Energy Savings

WSC members agreed on the promotion of international cooperation regarding chemical management based upon a consensus paper submitted by the ESH Task Force, targeted at the semiconductor manufacturing line, consistent with environmental concerns involving customers' and employees' health and risk assessment, and centering on the "3 R" (recycle, reuse, reduce) activities. The WSC has requested the formulation, within six months, of suitable programs of activities for both chemical management and energy savings.

(3) Other ESH Activities

In addition to the decisions on the above items, the following items were designated for further discussion:

1. Lead controls in Europe and other countries/regions;
2. Exchange of information regarding environment-related issues in each country or region, and
3. Guiding principles regarding the environment.

The WSC is expected to make a proposal on a basic, scientifically supported approach to restriction and/or phase out of environmentally hazardous products, which could be used to facilitate development of regulatory policy on environmental issues by governments. In today's global environment, it is particularly important to insure that all major producing countries/regions are cooperating and utilizing scientific evidence as the basis for regulation.

With regard to the proposed elimination of lead from electronics products, the members of the WSC are working hard to reduce the very small amounts of lead in our products wherever possible, but development of such components is a massive

effort. Industry experts estimate that approximately 200,000 sub-assemblies and another 200,000 electronic products will be affected by this ban on lead. It is not yet technically possible to manufacture totally lead free electronic components, and the exact timeline for such products is not yet clear - for technical reasons some products may never be completely lead free. The current draft European ban on lead is very aggressive both in terms of its timeline and scope; the European ban would require elimination of lead by 2006. For technical reasons, some exemptions will be required to ensure both product availability and reliability.

Measures to Support the Growth of the 'Internet Society'

The growth of the Internet, along with the information technology products and infrastructure that support it, are enabled by-and dependent upon-semiconductors. The growth of the Internet and the related information technology sector is driving economic growth, improving education, creating new industries and improving existing ones, and it is speeding up communications capabilities. It is also expected to be an effective means for attaining higher standards of living, and it is the primary force

fueling growth in the semiconductor industry today. For that reason, the WSC last year adopted an Internet Policy White Paper and has focused on promoting policies that will foster Internet growth, such as supporting the prohibition of punitive tariffs on Internet commerce.

The policies that are being developed to govern the Internet—from taxation and tariffs to privacy and security—will have a tremendous effect on the ability of this sector to continue growing. The associations representing the world's leading semiconductor producers encourage our governments to pursue policies that will foster growth, rather than encumber the development of the Internet and electronic commerce. The best approach is one that encourages industry to take responsibility to the greatest extent possible, while at the same time governments establish a predictable and transparent regulatory regime.

The WSC at this year's meeting agreed upon concrete requests on this issue for submission to the respective governments/authorities of the WSC members (see attached Internet recommendations).

Free and Open Markets

The WSC reaffirmed its commitment to key policies indicating that markets should be free from tariff and non-tariff barriers around the world, governments should provide intellectual property protection, full transparency of government policies and regulations, non-discrimination for foreign products in all markets, and an end to investment restrictions tied to technology transfer requirements. In order to spread the benefits of information technology to consumers around the world, additional countries should be encouraged to join the Information Technology Agreement (ITA).

The WSC encourages the prompt accession of China to the World Trade Organization (WTO), and urges China to join the ITA, eliminating tariffs on semiconductors and other information technology products.

Market Based Competition

The WSC hereby re-affirms the principle of market competition as set forth in the Joint Statement Concerning Semiconductors by the European Commission and the Governments of the United States, Japan and Korea dated June 10, 1999, which provides that in all markets it is the competitiveness of semiconductor producers, and not trade-distorting measures, that should be the principal determinant of success.

Analysis of Semiconductor Market and Trade Flow Data

The WSC received and reviewed a report on semiconductor market and trade flow data, including data on market size and market growth. The long-term outlook for the industry remains strong.

A representative of SIA delivered a presentation entitled "Development of Semiconductor Markets in China," reporting and reaffirming the importance of the Chinese market for the semiconductor industry.

Future Semiconductor Technology Development

The WSC recognizes that semiconductor designs and production technologies require ever increasing budgets and wide-ranging skills. In order to properly assess these issues, international collaborative and cooperative efforts are necessary. Therefore, the WSC will continue to support international conferences, the International Forum on Semiconductor Technology (IFST) and the International Technology Roadmap for Semiconductors (ITRS).

At the WSC, Yoichi Unno, acting Director of SIRIJ, provided a report concerning the status of the recently launched project in Japan which includes cooperative R&D on 0.07 -0.10 micron system-on-chip technology. The project is known as the Asuka Project. In addition, George Scalise, President of SIA, gave a presentation on the status of other international technology cooperative programs.

Report to Governments/Authorities

The results of today's meeting will be submitted to the respective governments/authorities of the members of the WSC for consideration at the annual meeting of WSC representatives with the governments/authorities to be held on June 28, 2001 in California.

The WSC's report will include the following:

- (1) An updated report on semiconductor market and trade flow data prepared by industry experts;
- (2) Recommendations on Internet policy (attached), and other trade-related issues;
- (3) Information on the importance of obtaining additional signatories to the ITA; and
- (4) Reports and recommendations on cooperative ESH activities.

Next Meeting

The next meeting of the WSC will be hosted by the U.S. Semiconductor Industry Association (SIA) in California in May 2002.

WSC Website

The WSC unveiled its new website in June 2000:

<http://www.semiconductorcouncil.org>.

Information about the members of the World Semiconductor Council may be found at the WSC website cited above, or at each association's respective website:

ESIA: <http://www.eeca.org>

JEITA: <http://www.jeita.or.jp>

KSIA: <http://www.ksia.or.kr>

SIA: <http://www.semichips.org>

TSIA: <http://www.tsia.org.tw>

Attachment

WSC Recommendations on Internet Policy

The members of the World Semiconductor Council (WSC) agreed during the 5th WSC meeting, held in Okinawa, Japan on May 17, 2001, to make the following recommendations regarding internet policies:

- WTO obligations (GATT, GATS, TRIPs) should be technology neutral - specifically these commitments are binding regardless of the means of technology used to consummate a transaction;
- Electronically delivered goods and services should receive no less favorable treatment under trade rules and commitments than like products delivered in physical form, and their classification should ensure the most liberal treatment possible;
- Governments should refrain from enacting trade-related measures that impede e-commerce;
- When legitimate policy objectives require domestic regulations that affect e-commerce, governments should ensure that such regulations are transparent, non-discriminatory and employ the least trade-restrictive means available; and
- International trading rules should promote the existence of a competitive network infrastructure needed to accommodate increasing digital trade.

The WSC also believes that governments should commit to:

- Eliminate or promptly phase out tariff and non-tariff measures applied to IT products and services;
- Refrain from placing special tariffs or local taxes on e-commerce;
- Pledge not to impose non-tariff measures, such as excessively restrictive standards or licensing;
- Refrain from imposing local establishment requirements;
- Apply most favored nation (MFN) and national treatment without exception;
- Seek improved market access and national treatment commitments for a broad range of services that can be delivered electronically; and
- Ensure that broadly defined market access commitments will enable the growth of cross-border trade in evolving IT services.