



world semiconductor council

Sixth meeting of WSC - May 2002

European Semiconductor Industry Association (EECA-ESIA)
Japan Electronics and Information Technology Industries Association (JEITA)
Korea Semiconductor Industry Association (KSIA)
Semiconductor Industry Association (SIA)
Taiwan Semiconductor Industry Association (TSIA)

JOINT STATEMENT ON THE SIXTH MEETING OF WORLD SEMICONDUCTOR COUNCIL (WSC) May 16, 2002 Newport Beach, California

The European Semiconductor Industry 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 sixth meeting of the World Semiconductor Council (WSC). This meeting, held in Newport Beach, California, is the third meeting conducted under the "Agreement Establishing a New World Semiconductor Council" approved at the third WSC meeting signed 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 expanding the global market for information technology products and services, and promoting fair competition and technological advancement and sound environmental, health and safety practices. The WSC encourages cooperation in such areas as protection of the environment and 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 Agere Systems CEO John Dickson (SIA), and opening statements were made by Koichi Nagasawa of Mitsubishi (JEITA), Scott McGregor of Philips (EECA-ESIA), Yoon-Woo Lee of Samsung (KSIA), and Morris Chang of Taiwan Semiconductor Manufacturing Company (TSIA) representing each association.

During the meeting, the following reports were given and discussed, and actions taken.

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.

(1) PFC Emission Reduction

The companies represented by the members of the WSC are continuing efforts to reduce the emissions of PFC gases. To that end, the WSC has pledged to reduce PFC emissions by at least 10% by 2010 against the base year, even as semiconductor production is increased. The base year for JEITA, EECA/ESIA and SIA is 1995, for KSIA it is 1997 and for TSIA it is 1998* (1998* represents the average of 1997 and 1999 emissions).

(2) Energy Savings

One of the key reasons why the semiconductor industry has been so successful is the ability to provide better, more desirable products, in an environmentally friendly manner, while providing substantial benefits to our consumers. The efficient utilization of energy resources is an important ingredient to the realization of continued, cost effective manufacturing for both semiconductor manufacturers and their suppliers. The WSC is dedicated to promoting cooperation and sharing of information amongst members of the semiconductor manufacturing community worldwide, with a priority focus on the issue of energy savings. To that end, the WSC adopted an Energy Savings Consensus Paper that charts a course for further cooperative work in this area.

(3) Chemical Management

The WSC is continuing work in the area of Chemical Management. Through the WSC's ESH Task Force, a set of objectives has been formulated regarding chemical management. Those objectives include chemical risk assessment, pollution prevention, and evaluation of ESH regulations and legislation.

(4) ESH Guiding Principles

Members of the WSC believe that it is necessary for our industry to be at the forefront of sustainable development, fostering world economic growth based on sound environmental practices - to this end, WSC members are committed to addressing environmental issues in a cooperative, "pre-competitive" manner. To achieve these objectives, the WSC approved a set of Guiding Principles - the WSC encourages its member associations to support the application of these Guiding Principles by their member companies. A copy of the Guiding Principles is attached.

Measures to Support the Growth of the 'Internet Society'

Semiconductors are the key enabling technology supporting the spread of the Internet and related applications. The growth of the Internet and the related information technology sector is improving education, creating new industries and improving existing ones, and it is speeding up communications capabilities. The growth of the Internet, and the related growth of internet infrastructure and appliances, is a leading driver for semiconductor demand. It is very important that trade in this area remains as open as possible, and that international rules and domestic regulations foster an open and competitive market.

Many governments/authorities and international organizations are formulating policies — from taxation and tariffs to privacy and security — that will have a tremendous effect on the ability of this sector to continue growing. The World Trade Organization's (WTO) Doha Ministerial Declaration states "electronic commerce creates new challenges and opportunities for trade... and [WTO members] recognize the importance of creating and maintaining an environment which is favorable to the future development of electronic commerce." The WSC strongly supports this statement, and encourages our governments/authorities 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 WTO work program on e-commerce should include several features, including:

- The moratorium which the Trade Ministers in Doha committed to maintain on customs duties on electronic transmissions through the next WTO Ministerial in 2003 should be made permanent;
- International agreement should be reached to ensure that electronically delivered goods receive no less favorable treatment than similar products delivered in physical form and that their classification ensure the most liberal treatment possible; and
- Governments should refrain from enacting trade-related measures that impede e-commerce. Where regulations are necessary, governments should insure that they are transparent, non-discriminatory and employ the least trade-restrictive means available.

The WSC reaffirmed its call for specific policy approaches. In particular, the WSC cited recent proposals to impose special levies on memory components as an example of a policy that would adversely impact the ability of consumers to benefit from the Internet.

The WSC will submit its recommendations as formal requests to our respective governments/authorities at the Governments/Authorities Meeting on Semiconductors (GAMS). Please see attached Internet recommendations.

Free and Open Markets

Access to advanced and affordable semiconductor technology promotes economic development by increasing productivity and providing the infrastructure needed to compete in the digital age. Policies that promote access to semiconductors and other information technology goods, and foster investment in these sectors, should be at the heart of the Doha Development Agenda.

The WSC reaffirmed that markets should be free from tariff and non-tariff barriers around the world. Governments should therefore insure full 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).

Product Regulations

Increasingly, high technology goods including semiconductors are impacted by a varying array of regulatory measures in markets around the world. When product regulations are necessary to protect consumers or the environment, they must be nondiscriminatory and based on sound and widely accepted scientific principles and available technical information. These regulations can, if they are de jure or de facto discriminatory or if they fail to take into account sound scientific principles, act as trade barriers and severely inhibit market access. Consistent with existing WTO rules, regulations should be the least trade restrictive possible.

Fair and Effective Antidumping Measures

The WSC received a report from the JSTC Antidumping Task Force on its efforts to study fair and effective antidumping measures affecting the semiconductor industry, in recognition of the talks being conducted in the WTO Doha Development Agenda. The WSC expects to review the continuing work of the Task Force again at the meeting of the WSC in 2003.

Analysis of Semiconductor Market Data

The WSC received and reviewed a report on the semiconductor market, including data on market size and market growth. The long-term outlook for the industry remains strong as advances in technology continue to bring benefits to consumers and businesses worldwide.

Future Semiconductor Technology Development

Much of the growth in productivity gained by our economies has been the result of advances in semiconductor technology. The benefits of furthering these trends are similarly significant; by the end of the decade, the cost of memory may decline to 1/20 of today's cost and microprocessors may become 10 times faster, thus allowing for affordable streaming internet video, telemedicine, and other significant advanced applications. The WSC recognizes that making these advances requires ever increasing investments 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).

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 in September 2002 in Tokyo, Japan.

The WSC's report will include the following:

- (1) An updated report on semiconductor market data prepared by industry experts;
- (2) Recommendations on trade-related issues and market opening policies that can be pursued through the World Trade Organization and other means;
- (3) Recommendations on Internet policies; and
- (4) Reports on cooperative ESH activities, and recommendations regarding the development of regulations.

Next Meeting

The next meeting of the WSC will be hosted by the European Semiconductor Industry Association (EECA-ESIA) in May 2003.

Key Documents and the WSC Website

All key documents related to the WSC can be found on the WSC website, located at:
<http://www.semiconductorcouncil.org>.

Information can also be found on each association's respective website:

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

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

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

SIA: <http://www.sia-online.org>

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

Attachment

WSC GUIDING PRINCIPLES FOR ENVIRONMENT, SAFETY AND HEALTH INTRODUCTION

The semiconductor industry is the world's most innovative industry. Over the last forty years its average annual growth has exceeded all other industry sectors. Semiconductors are the key components of electronics, which permeate all industries.

Growth and technological progress drive the semiconductor industry to be proactive: to anticipate, and avoid problems rather than correcting problems. The semiconductor industry has established an excellent Environmental, Safety and Health (ESH) performance record. The industry wants to continue to be proactive in these areas. Therefore the WSC commits to these "Guiding Principles" in anticipation of future needs and to reinforce our leadership position. In accordance with scientific findings, we will make appropriate investments in support of our commitments.

At WSC we firmly believe that it is necessary for our industry to be at the forefront of sustainable development, fostering world economic growth based on sound environmental practices. In addition, WSC member associations recognize that ESH issues should be addressed in a "pre-competitive" manner. To achieve these objectives, the WSC recognizes the following Guiding Principles, which were developed with the cooperation of all its member associations. The WSC encourages its member associations to support the application of these Guiding Principles by their member companies.

GUIDING PRINCIPLES

- 1) Meet or exceed ESH REGULATIONS of the countries and communities in which WSC associations operate, conscious of all international protocols relevant to ESH that have been ratified by all governments of the WSC member associations.
- 2) Promote natural RESOURCE CONSERVATION, including reduction of energy, water, and other raw materials through efficient use, recycling, and process and facility optimization; seeking high-efficiency energy sources such as cogeneration, and cost-effective renewable and alternative energy sources where appropriate.
- 3) Endeavor to achieve environmental POLLUTION PREVENTION, including:
 - a) Reducing air emissions, including greenhouse gases, through energy conservation measures, utilization of high-efficiency, renewable and alternative energy sources, and decreasing PFC emissions.
 - b) Phasing out substances having high ozone-depletion potential.
 - c) Managing wastes in accordance with the following hierarchy: Preventing waste as a primary objective, followed in succession by reuse, recycling, waste destruction with energy recovery, incineration without recovery, and landfill disposal.
- 4) Integrate ESH CONSCIOUS DESIGN considerations and optimization into the design of products, manufacturing processes, the selection of chemicals, facilities, and new buildings. Apply, where appropriate, life-cycle considerations to reduce environmental impact of the final products.
- 5) Provide a SAFE AND HEALTHY WORK ENVIRONMENT for our employees and promote healthy behaviors. Promote international cooperation regarding chemical management, utilizing scientific evidence, health assessment and risk assessment as the basis for effective workplace protection.
- 6) Support the implementation of ENVIRONMENTAL MANAGEMENT SYSTEMS (such as ISO 14001, EMAS, or equivalent systems) by the WSC member associations for their member companies and their supply chain.
- 7) Encourage member companies to participate in industry-wide ESH INITIATIVES and make information about their ENVIRONMENTAL PERFORMANCE AVAILABLE to the public.

8) Support the INTERNATIONAL COOPERATION of WSC associations to harmonize global ESH performance measurement. Strive to share "BEST PRACTICES" and innovative solutions to common challenges.

WSC Recommendations on Internet Policy

The members of the World Semiconductor Council (WSC) reaffirmed during the 6th WSC meeting, held in California on May 16, 2002, 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.

With respect to its recommendation that governments refrain from placing special tariffs or local taxes on e-commerce, the WSC urges governments not to impose levies on memory components as a means of compensating copyright owners because it harms consumers who are exercising their fair use of copyrighted materials. Instead governments should rely upon industry driven solutions to protect digital copyright material.