



ESIA



THE VOICE OF THE
SEMICONDUCTOR
INDUSTRY
IN EUROPE

**Symposium on the
20th Anniversary of
the ITA**

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Future Challenges and Opportunities: Further Expansion of Trade in ICT Products

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European Semiconductor Industry Association

Represents the interests of the European-based semiconductor industry and advocates for its international competitiveness.

- Most R&D-intensive sector
- Highly developed global supply chain
- Fierce competition & price fluctuation
- Short innovation cycles
- Global market of \$ 339 billion in 2016

EU

- 10 % of Global Market
- Direct employment: 200.000
- Indirect employment: up to 1.000.000

“The Semiconductor Voice of Europe” ”



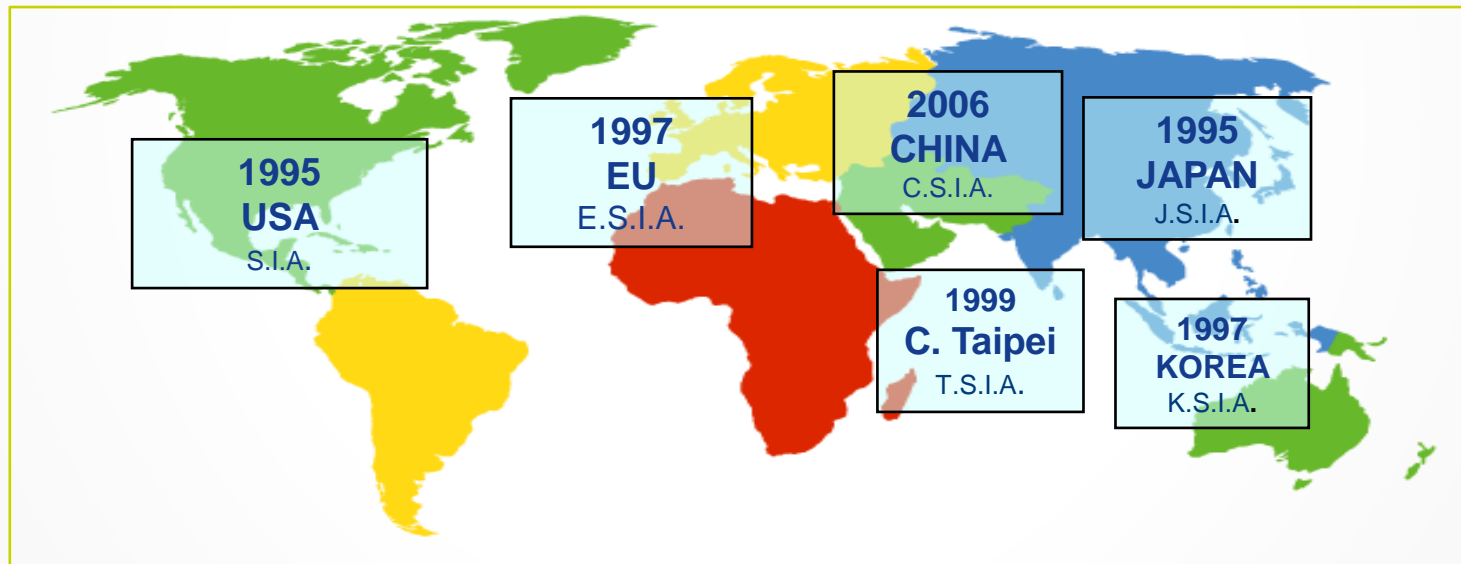


European Semiconductor Industry Association



World Semiconductor Council

“to expand international cooperation in order to facilitate the healthy growth of the industry from a long-term, global perspective”

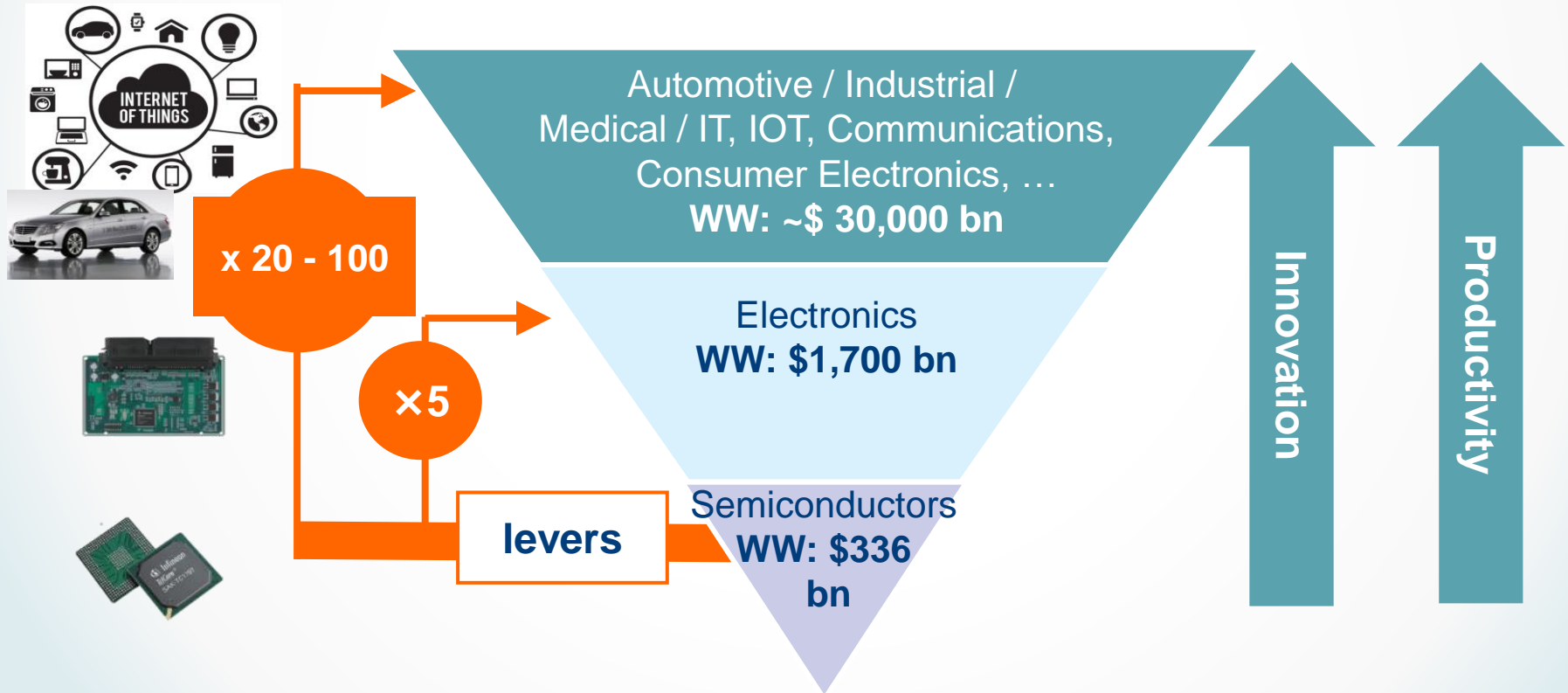


- Unique model of worldwide industry-to-governments cooperation
- Voluntary basis, consistent with WTO rules
- Member companies cover more than 95% of WW production

Enabling role of semiconductors

45% of OECD economic growth since 1985 comes from more productivity, with electronics as key driver.

Semiconductors play crucial role in enabling downstream goods & technologies.

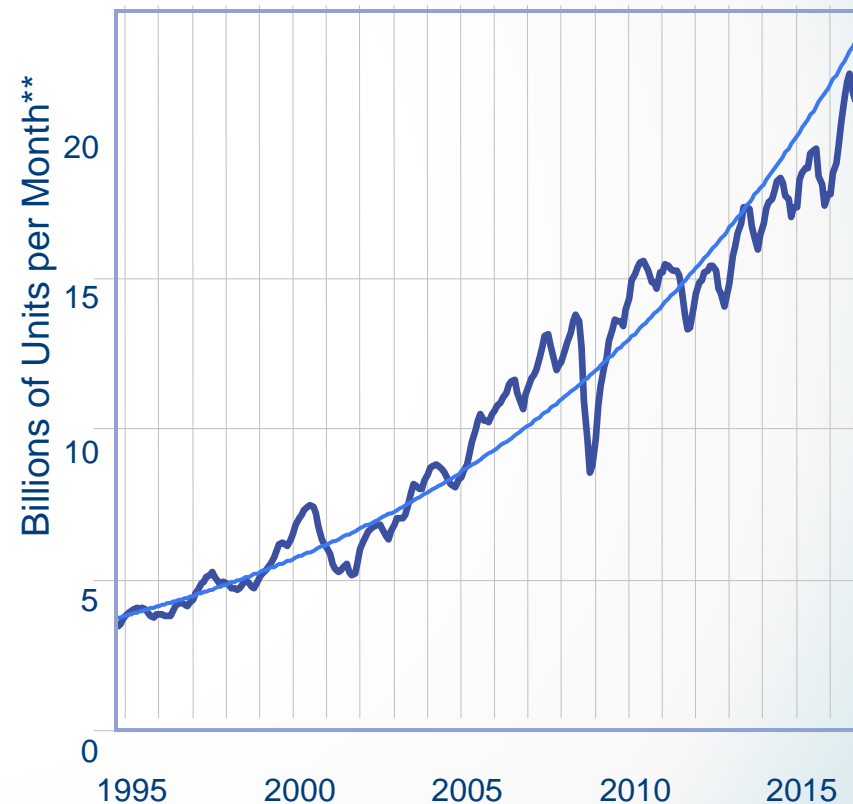


Semiconductors

- ✓ Largest ICT category in ITA 1996*
- ✓ Exponential growth in units since 1996



Semiconductors is the largest IT product category in ITA and accounted for 33 % of global exports of IT products in 2010*



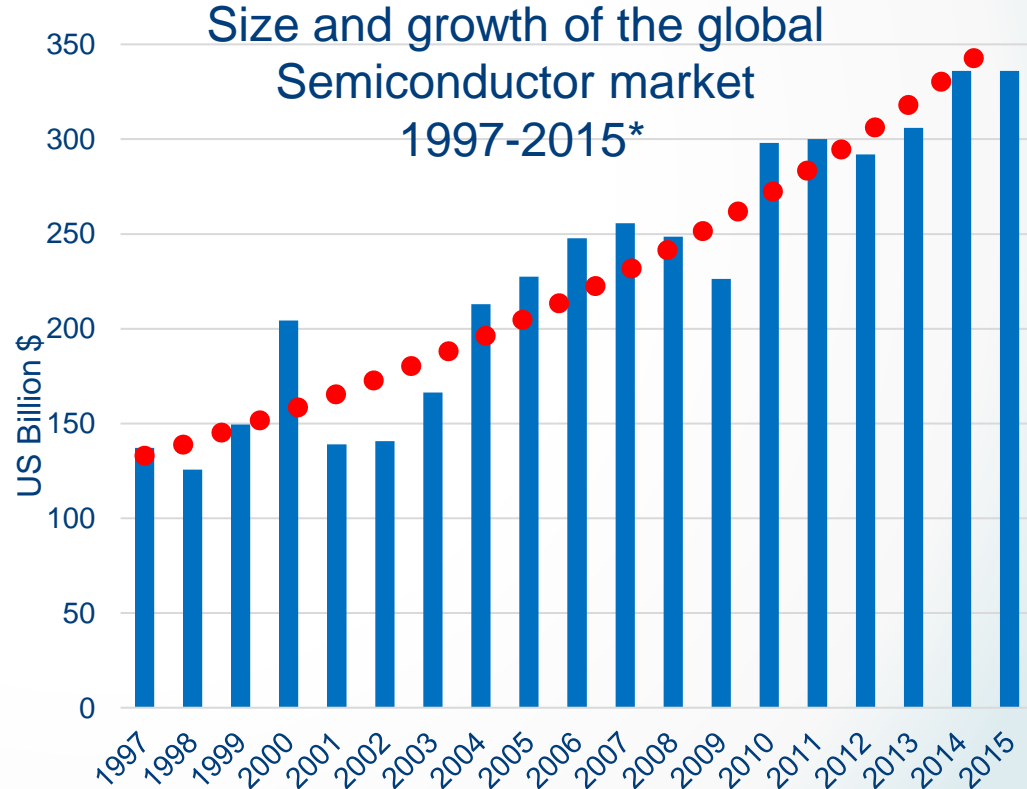
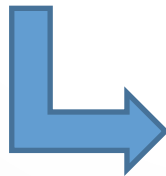
*Source: WTO 2012

** Source: WSTS

Benefits of ITA trade liberalisation for semiconductors

□ ITA trade liberalisation

- Created more global markets
- Promoted innovation
- Accelerated productivity
- Drove semiconductor value growth



*Source: WSTS



Advantages of multi-, pluri-lateral vs. bi-lateral

- ❑ **Globalised** semiconductor supply chain (front-end Europe, assembly Asia)
- ❑ **Low administrative burden**, and trade-free from tariff and non-tariff barriers are vital for semiconductor manufacturing!
- ❑ Multi- and pluri-lateral trade liberalisation such as ITA is the **most efficient** way to ensure global free flow of goods.

Beside tariff-free trade, it offers:

- **No complex / burdensome** rules of origin (due to globally distributed manufacturing, semiconductor products do not meet preferential origin requirements in most cases).
- **More flexibility.**



ITA needs to keep the pace with technology, to promote innovation

- ❑ **1996:** ITA aims to cover all semiconductors, in recognition of their enabling role in driving innovation, productivity, growth & societal benefit.
- ❑ **2015:** ITA expansion covers 1.5%-3% of the global semiconductor market and results in global yearly tariff savings of \$ 94 to \$ 188 million*.
- ❑ **2017:** Due to the high speed of innovation in the semiconductor industry, many products already aren't covered by the ITA. (R&D/sales ratio very high)

ESIA supports a continuous review of the ITA scope, starting no later than January 2018 as per Ministerial Declaration on the ITA Expansion of 16 December 2015.

*Source: WSC



Conclusion

- ❑ ESIA strongly supports a continuous adaptation of the **ITA scope** to new and evolving semiconductor technologies, as well as **geographical expansion**
 - ❑ Barrier-free international movements of goods. For semiconductor globalized manufacturing and global customers
 - ❑ Enabler for all sectors of the economy and for innovation.

- ➔ **ESIA looks forward to working with WTO and its members to keep the ITA up-to-date!**



Thank you for your attention!

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