



European Semiconductor Industry Association

Further Expansion of Trade in Semiconductors

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- European Semiconductor Industry Association
 - Enabling role of semiconductors
 - Benefits of ITA trade liberalisation for semiconductors
 - Advantages of multi-, pluri-lateral vs. bi-lateral
 - ITA needs to keep the pace with technology, to promote innovation
 - Conclusion

The voice of the semiconductor industry in Europe

Represent the interests of the European-based semiconductor industry and advocate for its international competitiveness.

- most R&D-intensive sector
- global supply chain: EU companies sell in worldwide markets
- short innovation cycles, fierce competition & price fluctuation
- multiplier for growth, ICT boost innovation
- global market at \$ 440 billion in 2020 (+6.8%)

EU

- ca. 10% of global market
- Europe strongest market for automotive (26%)
- ESIA is member of the World Semiconductor Council (WSC)

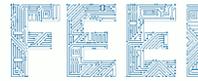




BOSCH



FONDAZIONE
BRUNO KESSLER



Fachverband der
Elektro- und
Elektronikindustrie



intel.



RENESAS

soitec



xfab



World Semiconductor Council

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

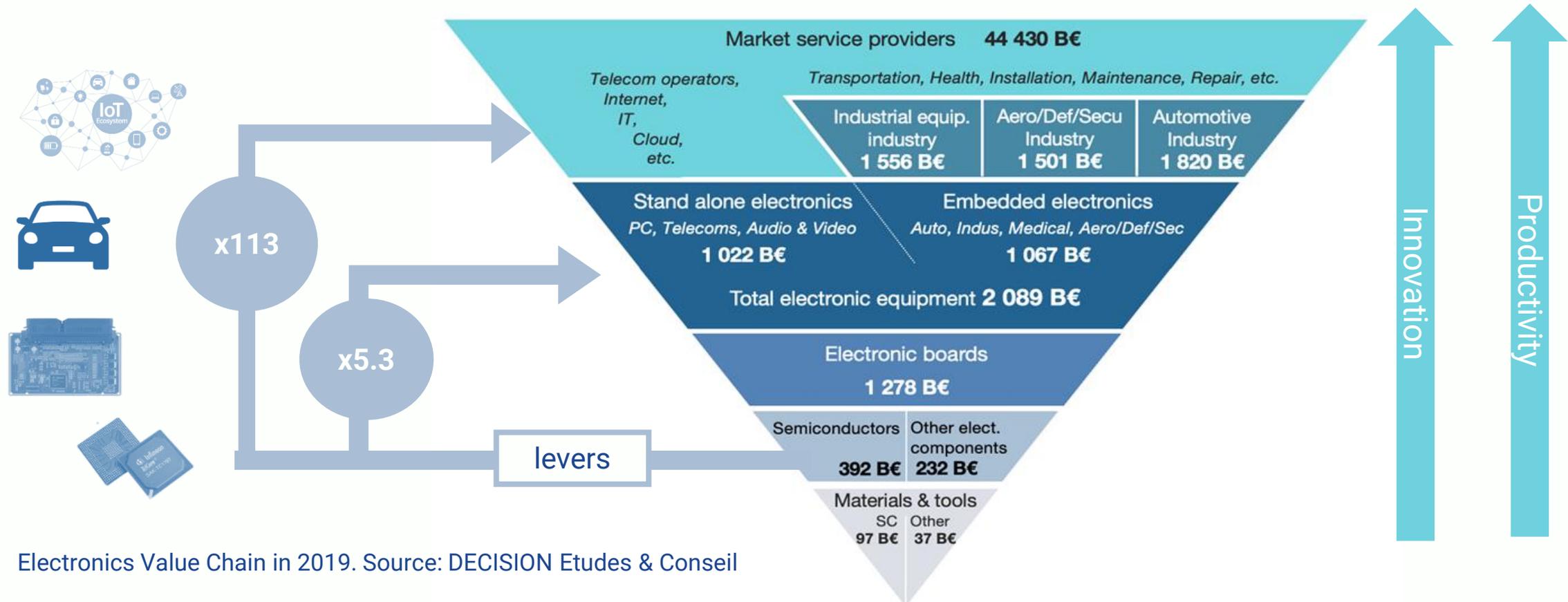
- Annual **Joint Statement** from the CEO Meeting of the **WSC - World Semiconductor Council**
- Annual **Chair Summary** by the **GAMS - Governments / Authorities Meeting on Semiconductors**

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



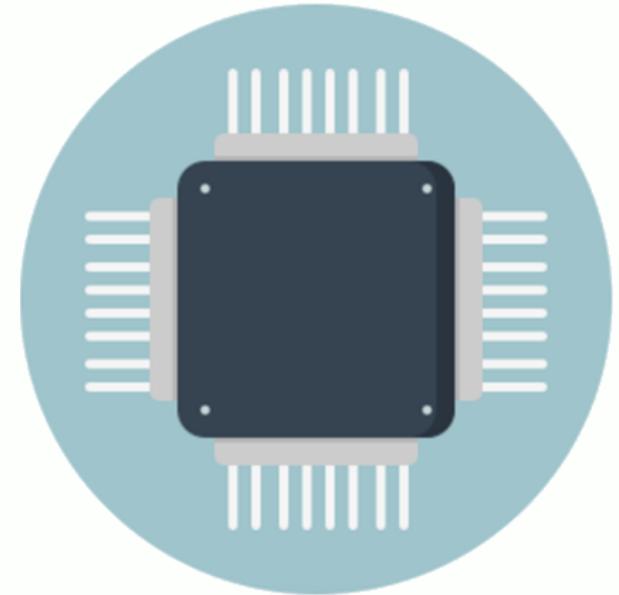
Enabling role of semiconductors

A significant part of OECD economic growth comes from more productivity, with electronics as key driver.
Semiconductors are the building blocks of virtually all electronic products.



Enabling role of semiconductors

- Semiconductors enable key functions in electronics, for example
 - Operations control
 - Data processing and storage
 - Input and output management
 - Sensing
 - Wireless connectivity
 - Power management
- Without these functions many vital **medical devices**, the digital technology needed to **work & interact remotely**, and **energy efficient devices** which help reduce emissions... **would simply not exist**

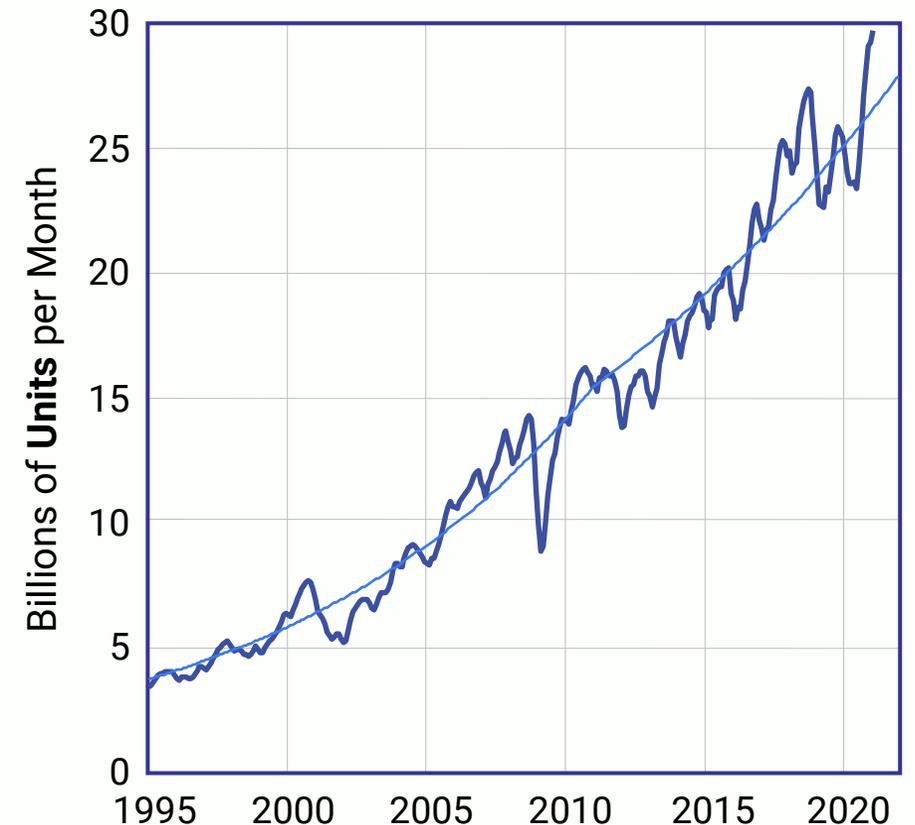


Benefits of ITA trade liberalisation for semiconductors

Semiconductors

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

Semiconductors is the largest IT product category in ITA and reached the 32% of global exports of ITA products in 2015*



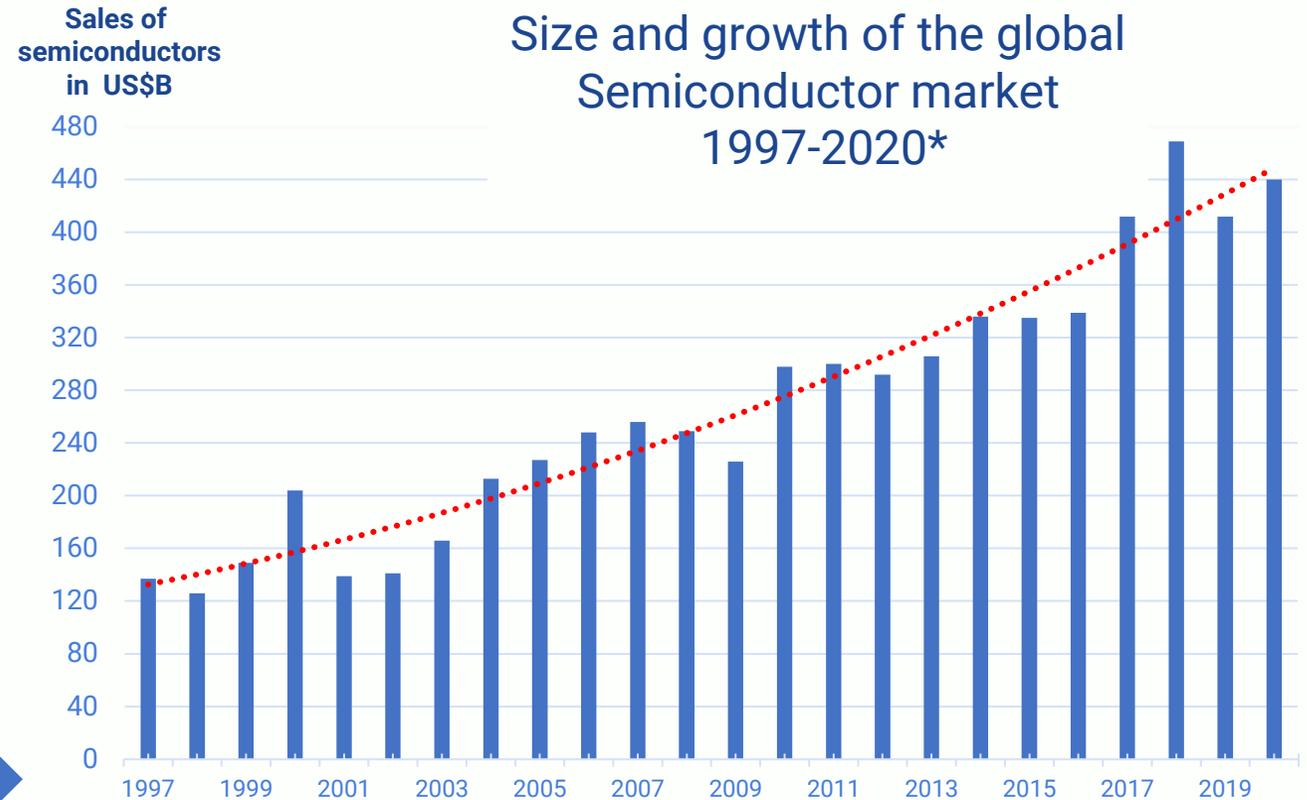
*Source: WTO 2015

Source: WSTS

Benefits of ITA trade liberalisation for semiconductors

- ITA trade liberalisation
 - Created more global markets
 - Promoted innovation
 - Accelerated productivity
 - Made new technologies, and key intermediate components of the global digital infrastructure, more affordable and accessible worldwide.

- Drove semiconductor market growth



*Source: WSTS

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

Globalised semiconductor supply chain:

“A semiconductor product could cross international borders approximately 70 or more times before finally making it to the end customer”

- **Low administrative burden**, and trade-free from tariff and non-tariff barriers are vital for semiconductor manufacturing!
 - **No complex / burdensome** rules of origin (due to globally distributed manufacturing, semiconductor products do not meet preferential origin requirements in most cases)
 - **More flexibility** for exporters as the same tariff-free treatment applies in ITA's geographies
- ➔ **Multi- and pluri-lateral trade liberalisation such as ITA is the most efficient way to ensure global free flow of goods.**

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:**
 - The ITA Expansion covers approximately 4% of the global semiconductor market resulting in global yearly tariff savings of over 500 million \$. Source: *ESIA estimate*
 - The ITA Expansion covers about 9-13% of total current world trade. Source: *European Commission*
- **Today:** Due to the high speed of innovation in the semiconductor industry, a number of innovative products are not covered by the ITA. For example:
 - *Semiconductor-based transducers*
 - Certain *Embedded Chips or Dies*, not matching the description in HS headings 8541/8542 for semiconductors
 - Advanced *semiconductor manufacturing equipment and material*

Conclusion

- ESIA strongly supports a continuous adaptation of the **ITA product scope** to new and evolving semiconductor technologies, as well as **geographical expansion**.
- ESIA calls on ITA participant to initiate a regular review of the ITA scope, as per Ministerial Declaration on the ITA Expansion of 16 December 2015.

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

Questions?

Thank you for your attention!

<http://www.eusemiconductors.eu/>

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